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NEWS UPDATE - March 7, 2001

Quotes of the Day…

"It's so hard to get out of bed. How I battle in the morning to open my hands. Tell me, who will hire me with hands like these?"

- *Gloria Palomino,a worker recently laid off from a chicken processing plant, on how the lack of workplace protections has affected her search for another job (Los Angeles Times, 3/7)*

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"This has been an all-out effort that involves virtually the entire Washington business community."

- Michael Baroody, chief lobbyist for the National Association of Manufacturers, on yesterday's successful GOP effort to kill workplace protections (CongressDaily, 3/7)

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SUMMARIES

1. SENATE KILLS WORKPLACE PROTECTIONS (news)
The New York Times reports on the Senate "voted along largely partisan lines" to repeal workplace protections that "were expected to help prevent 500,000 injuries a year." The bill was passed by Republicans with the help of 6 Democrats. As the article states, "Business groups were quick to applaud tonight's vote, saying they would now direct their lobbying at the House."
http://www.nytimes.com/2001/03/07/politics/07WORK.html

2. HOUSE GOP LICKS CHOPS IN PREPARATION TO FOLLOW SENATE (news)
CongressDaily reports that following the Senate's passage of a resolution to kill workplace protection rules, the House will move forward today with its own efforts to do the same.
http://www.nationaljournal.com

3. A CORPORATE LOBBYIST'S FIELD DAY (news)
CongressDaily reports that there were "a phalanx of business lobbyists representing numerous industries is blanketing the Senate sideof Capitol Hill" during the GOP effort to kill workplace protection rules. As the article notes, there has been an "intense efforts on the part of trade associations" to kill these rules, with the chief lobbyist for the National Association of Manufacturing saying "This has been an all-out effort that involves virtually the entire Washington business community."
http://www.nationaljournal.com

4. RALLYING FOR BETTER WAGES (news)
The Los Angeles Times reports on efforts of social service care givers rallying for higher wages in California.
http://www.latimes.com/print/metro/20010303/t000018868.html

5. BUSH GETS ROUSING SUPPORT FROM STOCK TRADERS FOR HIS TAX PLAN (news)
The Washington Post reports on President Bush pushing his tax plan to wealthy stock traders at the Chicago Mercantile Exchange. Not surprisingly, he was met with cheers when discussing his plan that gives most of the benefits to the richest 1% of the population.
http://www.washingtonpost.com/wp-dyn/articles/A32172-2001Mar6.html

6. NEW REPORT: WHICH INDUSTRIES WILL BENEFIT FROM BUSH TAX PLAN? (news)
The Center for Responsive Politics issues a report showing what corporate interests will receive under Bush's tax plan. As the report states, "To hear business groups tell it, they are, in fact, thrilled about the wide reach of tax plan itself. From its cut in tax rates for individuals to a proposed phase out of the estate tax, some of Washington's biggest trade associations contend they couldn't be happier with Bush's proposal."
http://www.opensecrets.org/alerts/v6/alertv6_09.asp

7. BUSH TAX PLAN HURTS BABY BOOMERS (editorial)
Economist Paul Krugman of the New York Times reports on who will be the victims of the Bush tax plan. The first and foremost victims, he notes, will be "the poor and near-poor, who, because they pay no income tax (though they pay quite a lot in other taxes), will get nothing from the tax cut but will bear the brunt of the spending austerity that the tax cut will force. And these victims include a third of the nation's children." The other victims will be middle-income baby boomers, 88% of which "will get less than the 'typical $1,600 break" that Bush continues to pretend they will get.
http://www.nytimes.com/2001/03/07/opinion/07KRUG.html

8. PROGRESSIVE CAUCUS PLAN CONTINUES TO MAKE WAVES (editorial)
The Minneapolis Star Tribune editorial board writes that in the upcoming tax debate, "Democrats who worry about the size and fairness of Bush's plan shouldn't cave in. There are, or soon will be, better plans available, and they shouldn't hurry a trillion-dollar decision." The article specifically notes the Progressive Caucus's American People's Dividend as a worthy alternative to the Bush plan.
http://www.startribune.com/viewers/qview/cgi/qview.cgi?template=opinion_a&slug=ED07

9. CONSUMER CONFIDENCE DROPS WITH CONFIDENCE IN LEADERS (editorial)
Kevin Phillips explores how various leaders are avoiding the issue of decreasing wages, consumer confidence and the overall economy. As he notes, "If Bush doesn't understand that he and his half-baked fiscal programs are part of the confidence crisis, then his concern about not leaving problems for his predecessors could become tragic instead of funny."
http://www.latimes.com

10. GOP TRIES TO SHORT CHANGE DRUG COVERAGE (news)
The New York Times reports that "Members of Congress drafting a budget blueprint said today that they would provide substantially more money than President Bush requested to subsidize prescription drug benefits for elderly people in the coming decade."
http://www.nytimes.com/2001/03/07/politics/07HEAL.html

11. BATTLE TO LOWER AIDS DRUG PRICES MAKES GAINS (news)

The Wall Street Journal reports that “an extraordinary price war is breaking out in the market for AIDS drugs in poor countries, as pharmaceuticals giants seek to blunt a growing threat from generic-drug companies and recoup some moral high ground amid the crippling epidemic.” Specifically, under increasing pressure to lower prices, “Merck & Co. confirmed it is slashing the prices for two of its important AIDS-fighting drugs in Africa by 40% to 55%” while other companies plan to implement a new round of sharp cuts.”
http://interactive.wsj.com/articles/SB983915787153550680.htm

12. ONE COMPANY STARTS TO ACT AGGRESSIVELY (news)
The Associated Press reports that “Botswana's national diamond company, Debswana, said it plans to start subsidizing life-prolonging drugs for HIV-positive employees.” With more than one third of the country’s population infected, “the company said it will pay 90% of the cost of anti-retroviral treatment for HIV-positive employees and HIV-positive spouses of employees.”
http://interactive.wsj.com/articles/SB983957713862866855.htm

13. ACTIVISTS SCORE FIRST WIN IN TRIAL OVER DRUG PRICES (news)
The Wall Street Journal reports that “AIDS activists scored a victory against international drug companies yesterday” when a South African court “allowed a local AIDS lobbying group to join the case in support of the South African government's defense against 39 leading drug makers” - all of whom are trying to prevent the country from acquiring cheaper, generic versions of AIDS drugs.
http://interactive.wsj.com/articles/SB983917924643317938.htm

14. BIG DRUG COMPANIES, SHAMEFUL PROFITS (editorial)
Richard Gwyn of the Toronto Star writes on the shameless contradiction inherent in the drug companies argument that they cannot afford to allow African countries from obtaining lower-priced AIDS drugs. As he notes “At the very moment that [drug companies are] reporting record profits, they are sending lawyers into court to plead poverty.”
http://www.commondreams.org/views01/0307-03.htm

15. WITHOUT ACTION, ‘INDIA WILL BECOME ANOTHER AFRICA’ (news)
The Washington Post reports on th growing concern over AIDS in India. The article explores one Indian businessman’s fight against the pharmaceutical industry to provide generic versions of high-priced AIDS drugs. As he says, “If we do nothing about it, India will become another Africa, and then it will be too late.”
http://www.washingtonpost.com/ac2/wp-dyn/A32632-2001Mar6

16. COULD BUSH BE A CORPORATE WELFARE CUTTER? (editorial)
Consumer advocates Ralph Nader and Robert Weissman write that “in a budget outline that offers little reason to smile to those concerned about the concentration of corporate power, the Bush administration has offered a glimmer of hope on the corporate-welfare front” As they write, achieving budget savings “will require the political courage to offend the very corporate fat cats who funded” the Bush campaign. “Does the president have that courage?”
http://interactive.wsj.com/articles/SB983930241767055413.htm

17. ENERGY CRISIS BRINGS BOTH SIDES TOGETHER AGAINST ENERGY INDUSTRY (editorial)
David Broder of the Washington Post writes that the growing energy crisis in California is evoking a “populist revolt” that “ is likely to take the form of a 2002 ballot initiative, aimed at both the power companies and the process of deregulation.” Broder quotes Progressive Caucus Rep. Bob Filner (D-CA) who says, “For the first time, Duncan Hunter [a conservative Republican from a neighboring district] and I are on the same side: We both want a public utility district that can protect consumers from this price gouging.”
http://washingtonpost.com/wp-dyn/articles/A32396-2001Mar6.html

18. IF IT LOOKS THAT WAY, IT PROBABLY IS… (editorial)
The Los Angeles Times writes that by continuing to control about $100 million in stock in Alcoa, Inc Treasury Secretary Paul O’Neill risks the “the appearance of a conflict of interest no matter how honest he may be.” As the article states, with O’Neill making critical decisions affecting this company, this appearance puts “the credibility of U.S. economic policy at stake.”
http://www.latimes.com/news/comment/20010307/t000020145.html

19. A BETTER WAY TO WORK WITH GENETIC TECHNOLOGY? (news)
The New York Times reports that “As the controversy surrounding genetically modified foods intensifies, scientists are trying to use the rapidly growing knowledge about genes to enhance conventional breeding of crops and livestock rather than implant genes from one species into another. Many say such an approach is less likely to arouse the public objections that have been raised by the development of genetically altered plants and animals.”
http://www.nytimes.com/2001/03/07/business/07BREE.html

20. W-CORP, CORPORATE RADIO (editorial)
Professor Robert McChesney writes about how the deregulation of the radio industry in Telecommunications Act of 1996 has now put the entire radio market into the hands of a very few companies. As he notes “well over half the 11,000 commercial stations” changed hands since the legislation.” Today, “small station groups can not compete with the giant chains so they sell out. Radio is now dominated by a small handful of firms that own hundreds of stations each. Every market is now dominated by two or three firms that are ‘maxed out’ with eight stations each.”
http://www.commondreams.org/views01/0307-04.htm

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FULL STORIES

SENATE VOTES TO REPEAL CLINTON WORKPLACE INJURY RULES

New York Times
http://www.nytimes.com/2001/03/07/politics/07WORK.html

WASHINGTON, March 6 — The Senate voted tonight along largely partisan lines to repeal new rules that former President Bill Clinton issued four months ago with the aim of reducing workplace injuries.

After a day of fierce debate, the Senate voted 56 to 44 to rescind the rules, invoking a never-used legislative weapon that allows for the expedited repeal of new regulations, with just 10 hours of debate and without allowing amendments or filibuster.

In today's floor fight, Republicans denounced the regulations as prohibitively expensive for business, while Democrats said the rules were essential for workers and were expected to prevent 500,000 injuries a year.

For organized labor, the rules were important because they sought to make corporations focus far more on addressing the most common workplace injuries in the nation, ones like repetitive stress that debilitate many workers for months, even years.

In addition, union leaders say they fear that repeal will discourage the Occupational Safety and Health Administration and other federal agencies from issuing worker-friendly regulations that might upset some lawmakers in Congress.

With the Senate evenly split between Democrats and Republicans, Senator Don Nickles of Oklahoma, the Republican whip and the sponsor of the repeal effort, worked hard to win over a few centrist Democrats. The repeal effort was successful because Republicans held solid while six Democrats joined them.

Expecting the Senate action, House leaders said they planned to take up a similar bill later this week.

The six Democrats voting for the repeal were Senators Ernest F. Hollings of South Carolina, John B. Breaux of Louisiana, Max Baucus of Montana, Blanche Lincoln of Arkansas, Mary L. Landrieu of Louisiana and Zell Miller of Georgia.

The Republican effort received a boost early today when the White House issued a statement backing repeal, a move that union leaders said showed President Bush's callousness toward workers' causes.

Asserting that the repealed rules could cost corporations more than $100 billion to implement, Mr. Nickles said that Mr. Clinton had rushed the rules into effect to reward organized labor for its help to the Democrats in the November elections.

"It's probably the most expensive, intrusive regulation ever promulgated, certainly by the Department of Labor and maybe by the government entirely," Mr. Nickles said.

The rules were intended to protect tens of millions of workers, from secretaries to slaughterhouse workers, from carpal tunnel syndrome, back sprains and other injuries that often result from repetitive motion or strenuous lifting.

The Democrats and labor unions mounted a fierce defense of the regulations, flying in injured workers from around the nation to tell lawmakers how important these ergonomics regulations were.

Business lobbyists, union officials and injured workers could be seen roaming the halls of Congress today to meet with wavering Senate and House members. In essence, the confrontation over repeal was between those siding with business and those siding with workers.

Three Democratic Senators — Hillary Rodham Clinton of New York, Barbara Boxer of California and Barbara A. Mikulski of Maryland — held a news conference to contend that repealing the rules would be a slap in the face to women, who hold many of the most repetitive jobs, including typing.

"Repealing this standard would have a devastating effect on all workers, but especially women workers," Mrs. Clinton said. "Women make up 46 percent of the workforce, but account for 64 percent of repetitive motion injuries."

When OSHA, a branch of the Department of Labor, issued the rules in November, it said they would cost $4.5 billion to implement but would save businesses $9 billion a year in increased productivity and fewer sick days.

Mr. Nickles called the OSHA estimates "hogwash," insisting that the rules would cost far more to implement than they would save.

Democrats denounced the Republican repeal efforts as a breach of the bipartisan spirit that Mr. Bush has called for. Senator Tom Daschle of South Dakota, the Democratic leader, voiced exasperation today that after the Republicans seemed unwilling to compromise on the tax-cut bill, they were now intent on repealing the ergonomics rules along largely partisan lines.

The White House helped the Republican cause today by issuing its statement backing repeal. "These regulations would cost employers, large and small, billions of dollars annually while providing uncertain benefits," the statement said.

In a last-ditch rescue effort, Senator Edward M. Kennedy, the Massachusetts Democrat who led the fight against repeal, sought to persuade Mr. Nickles to withdraw the bill. He suggested that Congressional leaders spend 60 to 90 days working with Mr. Bush to examine problems with the regulations and then come up with compromise rules.

"Where is this bipartisanship?" Mr. Kennedy said. "Why not go back and say, 'Let's work this out?' "

Then, in an angry, booming voice, he added: "This is special-interest legislation. This is a political payoff. Make no mistake about it."

Many Democrats expressed concern that repealing the rules through the expedited method of the Congressional Review Act would essentially bar the Department of Labor from issuing new ergonomics rules unless Congress first gave the go-ahead. Seeking to allay such worries, Labor Secretary Elaine L. Chao issued a statement today saying she might pursue new ergonomics rules that address the criticisms made against the current regulations.

The two sides had sharply opposed views of the regulations. Democratic senators and their labor allies insisted that the rules, issued after 10 years of studies and hearings, were a long-delayed effort to address one of the nation's biggest workplace problems: the estimated 1.8 million injuries that workers suffer each year from the wear and tear of repetitive motions, like typing or chopping chickens in poultry plants.

But Republican senators and their business allies insisted that the regulations were onerous and overbroad.

"Simply put, OSHA rushed through the rulemaking process, stacked the evidentiary deck, ignored criticisms," said Mike Enzi, a Republican from Wyoming. "Is it any wonder that this flawed process produced a flawed rule? Use rotten milk, you get a rotten milkshake."

Business groups were quick to applaud tonight's vote, saying they would now direct their lobbying at the House. "Repeal of the ergonomics regulation is a top priority for the Chamber and its member companies," said Randy Johnson, vice president for labor policy at the United States Chamber of Commerce.

Walter B. McCormick Jr., president of the American Trucking Associations, issued a statement congratulating the Senate: "Without so much as a guarantee that a single workplace injury will be prevented, this rule would unnecessarily drain U.S. businesses of billions of dollars that could be better used for job growth."

HOUSE READIES FOR SWIFT ACTION ON ERGONOMICS AFTER SENATE PASSAGE

CongressDaily
http://www.nationaljournal.com

Clearing the way for House action as early as today, the Senate voted 56-44 Tuesday to repeal a major Clinton administration workplace-safety regulation, with the help of key centrist Democrats. While all 50 Republicans held fast, six Democrats-- Sens. John Breaux and Mary Landrieu of Louisiana, Zell Miller of Georgia, Ernest Hollings of South Carolina, Blanche Lincoln of Arkansas and Max Baucus of Montana--voted to repeal the rule on ergonomics.

In anticipation, the House Rules Committee Tuesday approved a closed rule allowing for an hour of general debate in the House on the Joint Resolution of Disapproval with a motion to recommit. But GOP leaders Tuesday night were still checking whip counts and the availability of members before deciding whether to schedule a vote today or Thursday. There were indications Tuesday that some Republican House moderates might be more inclined to buck their leadership than their Senate counterparts.

Rep. Ray LaHood, R-Ill., who quipped that he has voted on both sides of the issue, declined to say whether he would support repealing the rule. But Rep. Sherwood Boehlert, R-N.Y., defended the ergonomics rule and said he would vote against its repeal. "I think everyone has been studying and studying and studying [and] has said there is compelling evidence something has to be done," Boehlert said. Rep. Jack Quinn, R-N.Y., a leading pro-labor Republican, said he was "inclined to vote with labor" against repealing the ergonomics rule, but he did not plan a "concerted effort" against it.

Meanwhile House Education and the Workforce ranking member George Miller, D-Calif., charged Republicans with moving to a quick vote while public attention is focused on the tax relief debate, but he said Democrats still have a chance to defeat the measure. "We've had very close votes on this. We've got to hold all our guys," Miller said.

During the 10 hours of debate on the Senate floor, Democrats argued in vain that overturning the rule through the Congressional Review Act would prevent the Labor Department from issuing a rule that is "substantially similar" to the current one and would leave workers vulnerable--particularly women.

"This is not a review. This is a killing," said Sen. Charles Schumer, D-N.Y.

But Republicans argued that new avenues could be pursued to address musculoskeletal disorders, such as repetitive motion injuries, once this rule is repealed.

"This rule is not good, it is expensive, and it ought to be repealed," said Senate Majority Whip Nickles, who spearheaded the efforts with Sen. Michael Enzi, R-Wyo., to kill the rule.

The controversial ergonomics regulation would require employers to set up programs to address work-related injuries, such as repetitive motion injuries, once workers were determined to have such injuries.

The Labor Department has estimated it would cost about $4.5 billion and provide about $9 billion in savings by preventing workers from experiencing these diseases. But employers estimate the effort would cost between $100 billion to $1 trillion and would override current voluntary programs.

Although he ultimately voted with the Republicans, Breaux urged the Labor secretary to institute a regulation to address some of the concerns raised about the rule.

Breaux called for a new regulation directly related to injuries that occur in the workplace, which requires the agency to certify that businesses are in compliance and does not expand workers' compensation laws.

BUSINESS GROUPS PUSH HARD FOR DISAPPROVAL RESOLUTION

CongressDaily
http://www.nationaljournal.com

A phalanx of business lobbyists representing numerous industries is blanketing the Senate sideof Capitol Hill this week trying to ensure the strongest possible victory for a resolution that would quash a workplace ergonomics regulation, proposed by the Clinton administration. The inside-the-Beltway campaign is being complemented by intense efforts on the part of trade associations to drum up phone calls and letters from their small and large business members.

"This has been an all-out effort that involves virtually the entire Washington business community," said Michael Baroody, chief lobbyist for the National Association of Manufacturers. The resolution, which must also be approved by the House, is expected to come to a vote Wednesday in the Senate. The White House today confirmed that President Bush plans to sign it.

NAM is helping head up the National Coalition on Ergonomics, an alliance of more than 250 organizations formed to fight the rule. Also leading the NCE are the U.S. Chamber of Commerce, the National Federation of Independent Business, the American Bakers Association, the Food Marketing Institute and the American Trucking Associations. About two dozen of the groups have scored the vote on the resolution a "key vote" that will be used to rate individual lawmakers' support for the association's priorities when deciding which incumbents to support in the 2002 elections.

Quietly confident they will win, the lobbyists are focusing on several moderate Senate Democrats to create a margin of comfort and generate momentum for the House vote. Particularly in the crosshairs are moderate Democratic senators who do not have much, if any, of a track record in Washington on the issue, including freshmen Sens. Ben Nelson of Nebraska, Bill Nelson of Florida, and Zell Miller of Georgia, and Sen. Blanche Lincoln of Arkansas. Viewed by K Street as the only Republican holdout, Sen. Arlen Specter of Pennsylvania has also been repeatedly buttonholed by business officials hoping to ensure GOP unity behind the resolution.

Lobbyists huddled last Thursday in the Capitol with their most senior Senate ally, Majority Whip Nickles, who informed them of the floor action this week and urged them to put the pedal to the floor. With things moving swiftly on an issue that directly affects businesses' bottom lines, the NCE has steered away from advertising and instead tapped its own K Street and grassroots muscle. Association officials said their members have responded well, aggressively relaying their concerns to Capitol Hill. "I've been doing this for 15 years, and I've never seen a grassroots effort quite like this," said Chamber Vice President of Labor and Employee Benefits Randel Johnson. Another lobbyist working the issue indicated businesses, especially those with little manpower to spare, have taken to the notion that the regulation would eat up a prohibitive amount of time and money. "For small business, this has been an easy sell to get them to weigh in on this," he said. "The paperwork burdens" alone are a grave concern, he contended.

FEAR KEEPS MANY QUIET ABOUT INJURIES

LA Times
http://www.latimes.com/news/politics/natpol/20010307/t000020110.html

They pack chicken pot pies and peel shrimp. They assemble cars, build furniture and paste labels on boxes.

The workers most at risk for repetitive stress injuries are not computer operators but blue-collar packers and assemblers, folks at the lower end of the economic scale for whom a decade of economic prosperity has meant long hours and high production speeds.
Some have learned to work through the pain. Others simply walk away from debilitating jobs. In any case, their reluctance to complain has skewed federal statistics that are now at the heart of a debate over the need for ergonomic regulations, which could be repealed as early as this week.

The Bureau of Labor Statistics estimates that 1.8 million work-related musculoskeletal disorders, such as tendinitis, carpal tunnel syndrome and back strain, were reported last year, based on samples of workplace injury logs. One-third of those injuries resulted in lost workdays.

But the real numbers are probably far higher. Scores of recent academic studies have found widespread underreporting by workers, many of whom are low-wage immigrants with a limited understanding of what causes their wrists and shoulders to ache and burn.
The true injury rate, according to the Occupational Safety and Health Administration, is at least double what the statistics show. And some surveys of assembly line workers have found discrepancies of greater than 10 to 1 between actual and reported injuries.

"We're talking about a massive disabled population and a health care bill that's going to come due at some point," said Charles Richardson, director of the Center for Technology and Work at the University of Massachusetts at Lowell.

While still high, reported injuries have dropped slightly in recent years--a trend that manufacturers and other business groups cite as proof that the federal rules issued in November are unnecessary.

Those rules would require employers to educate workers about musculoskeletal injuries and to redesign jobs if they cause an injury that results in "days away from work, restricted work, or medical treatment beyond first aid, or the signs or symptoms last for seven or more consecutive days after reporting."

Certainly, many employers have changed workstations to cut injuries. But interviews with labor activists, attorneys, academic researchers, industrial clinic doctors and workers themselves indicate that there are many other factors at play in the downward trend.

They range from new bonus programs for "injury-free" production lines to changes in workers' compensation laws that make it more difficult for workers to collect benefits.

But perhaps the most pervasive reason for unreliable injury reporting among low-wage production workers is fear.

"For a lot of these people, English is a second language. They're not very sophisticated. They're not paid a lot of money. They don't understand their rights. They're generally taken advantage of," said Robert Palty, an Encino attorney who has won settlements for several injured shrimp workers from a Los Angeles processing plant. "Many of them don't bother complaining. They quit or they keep their mouths shut."

Several workers--in chicken and salad processing and in wheel manufacturing--said they continued at their jobs despite painful injuries because they feared they would be fired or branded a troublemaker.

Others said they felt punished for reporting injuries, because they were docked pay while visiting a medical clinic, or because workers' compensation insurance payments did not cover their full salary during time off.

Some said they chalked the pain up to the cost of a full-time job and only realized the extent of their injuries when they could no longer work.

Among them was Gloria Palomino, an immigrant from Mexico who worked at a Zacky Farms chicken processing plant in Commerce for 21 years until it closed in December. For most of those years, she shot an air gun into chickens on a slaughter line, squeezing the trigger 30 to 40 times a minute.

Her fingers grew swollen and sore; neck pain woke her up at night. She soaked her hands in warm water to open them on cold mornings, and didn't go a day without prescription-strength Motrin. Years ago, she took her pain to a company-contracted clinic and was forced to rest at home for a week. But Palomino said she collected only about half of her minimum wage pay during that time--not enough to support her family--and learned not to complain.

When the plant closed, she received a week's severance pay and lost her health insurance. No longer able to afford the prescription-strength pain reliever that had gotten her through most of the last decade, Palomino took over-the-counter remedies and wondered where she could find work now, at 45. "It's so hard to get out of bed," she said. "How I battle in the morning to open my hands. Tell me, who will hire me with hands like these?"

On the final day of operation at the slaughter and processing line, dozens of workers gathered around a visiting reporter to complain of injuries. They held up their hands and bared their shoulders as evidence, although musculoskeletal injuries are invisible by nature. Most said they had complained to supervisors but never officially reported an injury or visited a clinic. And under California workers' compensation law--which does not recognize injuries reported after notice of a layoff--they were unlikely to collect compensation.

"My bones ache. My hands, my shoulders, my arms, they are all inflamed," said Marta Barrajas. "I can't do anything that requires any force."

Zacky spokesman Royce Peterson questioned the employees' motives in reporting injuries after the fact. He said that workers were always encouraged to seek medical treatment, and that notices were posted on employee bulletin boards to that effect.

"It sounds like they've got an ax to grind," he said. "The poultry processing industry has a higher-than-average injury rate because of the nature of the job. That plant was probably better than average. I can't answer whether they chose to report injuries or not."

At American Racing Equipment in Compton, a worker who loaded aluminum wheels into a stamping machine had similar tales. He asked to remain anonymous for fear of losing his job, although he is represented by a union. "There are many co-workers with back injuries," the worker said in Spanish. "Some are hurt but keep working. Some just disappear. We don't complain. One needs the work."

Company health and safety director Nestor Jimenez said that some jobs had been redesigned in recent years and that injury rates had been reduced as a result. But he added that there was an ongoing tension between his department and production supervisors. "For 10 years, we've been hitting them over the head that safety is part of the process," he said.

At the Fish King processing plant in downtown Los Angeles, Silvia Esquival labeled shipping boxes so fast that her right wrist grew sore and weak and finally useless. So she went to the company-contracted doctor, who gave her anti-inflammatory medicine and told her to keep working, using her left hand instead. She was not paid for the time she took off to report to the clinic.

Esquival said her story discouraged others from complaining. However, company President Dennis Delaye said Fish King is "very sensitive" to ergonomic-related injuries. "We rotate employees. We do whatever we can to minimize these problems."
Similar complaints from the immigrant-dependent meatpacking industry, which is partly represented by the United Food and Commercial Workers union, helped prompt former Labor Secretary Elizabeth Hanford Dole to consider developing ergonomic regulations 10 years ago.

In a statement issued Tuesday, UFCW President Doug Dority urged the Senate to keep the regulations in place and spiced his argument with a graphic example from the meatpacking floor.

"Take a knife and make a forceful cutting motion," he said. "Do the exact same motion again . . . and, again . . . and, again . . . and, again. Make that exact same motion 10,000 times . . . 20,000 times . . . 40,000 to 50,000 times a day. Do it for five or six days a week . . . 50 weeks a year.

"You will find out what happens to your hand, your wrist, your elbow, your shoulder. You won't be able to pick up your child. You won't be able to play ball with your kids. You won't be able to do a hundred simple things that most of us take for granted."

1,000 RALLY FOR HIGHER WAGES FOR CAREGIVERS

LA Times
http://www.latimes.com/print/metro/20010303/t000018868.html

A crowd of about 1,000 filled the streets near the governor's downtown Los Angeles office Friday to demand better wages for caregivers of people with developmental disabilities.

People arrived as early as 9 a.m., many in wheelchairs or using crutches and walkers.

They hoped the rally, in front of Gov. Gray Davis' Spring Street office, would help persuade him and members of the Legislature to reevaluate funding for the Department of Disability Services in the May budget revisions.

Demonstrators were concerned that the January budget did not provide enough funding to increase caregiver wage rates to a competitive market level, said Steve Miller, executive director of the Tierra Del Sol Foundation. The foundation serves individuals with developmental disabilities such as autism, mental retardation and severe cerebral palsy.

Their protest followed a similar protest several months ago against the state and the county on behalf of workers in social service areas. "It is unsafe to have an entire system responsible for the care of California's most fragile population predicated on entry-level employees working night and day," Miller said. He said many employees are lured from the $8-an-hour jobs as caregivers to the developmentally disabled into similar positions at schools and state institutions, or even jobs in fast-food restaurants.

"The state has chronically and repeatedly refused to fund community-based services," said Miller, citing the 30-year-old Lanterman Act, which entitled developmentally disabled individuals to community-based care. Placing those institutions in jeopardy violates the law, he said.

But state officials contend the $2.7 billion allocated to the Department of Developmental Services in the 2001-2002 budget as well as last year's funding is a major improvement.

"Last year, the governor allotted the biggest infusion of capital to the Department of Developmental Services . . . they have seen in over a decade," said Byron Tucker, spokesman for the governor. Still, he said, funding for health services will be examined and revisions considered.

Joining the Friday protest, Pat Cambern, 70, the mother of a 47-year-old daughter who is epileptic, autistic and mentally retarded, addressed the huge crowed from a fading microphone.

"The most important thing today," she said after the rally, "is the loss of good employees because we can't pay them enough."

BUSH TOILS IN THE PITS FOR TAX CUT; MEETS WITH COMMODITIES TRADERS IN CHICAGO

Washington Post
http://www.washingtonpost.com/wp-dyn/articles/A32172-2001Mar6.html

CHICAGO, March 6 -- President Bush warned of a sputtering economy today as he pitched his tax cut to the nation's burgeoning number of small investors by visiting what he called "entrepreneurial heaven" -- a cattle futures trading pit.

Republican strategists are targeting the bulge of baby boomers in the country's growing "investor class" -- the nearly 50 percent of American families who own stocks because of the record bull market and the rise of mutual funds for retirement savings.

Bush, who drew whoops as he shook hands across the floor of the Chicago Mercantile Exchange, spoke directly to these investors as he declared that the "great boom is beginning to sputter a little bit." Speaking over the din of a nearby stock futures pit, Bush said he believes "the power of the people" -- expressed through calls and e-mails to skeptical senators and House members -- will lead to passage of his $1.6 trillion tax cut.

"I think it is particularly appropriate to not only cut taxes to make sure there's fiscal discipline in Washington, but it's necessary to make sure this economy doesn't continue to sputter," Bush said in 13-minute remarks. "When you give people some of their own money back, or don't take it in the first place, they will have money in their pockets to spend."

The audience of red- and orange-jacketed traders applauded as Bush slipped in a pitch for his plan to partially privatize Social Security. "A priority is Social Security, to make sure the moms and dads of the World War II generation get the promises made," the president said. "But it's also to be bold enough to reform the system, to let younger workers take some of your own payroll taxes and manage it for your own account. That's a priority of mine."

Charles A. Gabriel, political analyst for Prudential Securities Inc., said Bush's plan would bring 80 percent of Americans into the markets and would add $60 billion to $70 billion a year to stock and bond mutual funds.

He said one of the master strokes of Bush's strategists was their realization that the changing demographic of investors meant it was no longer politically foolish to discuss changes to Social Security. "If he can reach out of stockholders without alienating seniors, it's a home run," Gabriel said. "Republican strategists think if you make people stockholders, you make them Republicans."

Traders strained to reach Bush with the well-practiced hands that they usually use to signal "buy" or "sell."

Several Bush supporters noted with relish that he was speaking in the same pit where a $1,000 investment by Sen. Hillary Rodham Clinton (D-N.Y.) yielded nearly $100,000 in profits in the late 1970s.

Back in Washington, Democrats became increasingly vocal in their criticism of Bush's multimedia effort and behind-the-scenes drive to promote his tax cut. Senate Minority Leader Thomas A. Daschle (D-S.D.) said, "The strong-arm tactics being used by the administration are clearly backfiring."

At the exchange, Bush drew laughter with an arch reference to his arm-twisting of Democratic representatives and senators during his travel promoting the tax cut. He was joined by Rep. William O. Lipinksi (D-Ill.), who flew back to Washington on Air Force One. "He and I will have a little quality time together," Bush said. "I'm looking forward to it because he's a quality person."

Bush reaped goodwill from some Democrats -- and enormous publicity in the Chicago media market -- by lunching with Mayor Richard M. Daley (D), brother of Vice President Al Gore's campaign chairman, William Daley. "He's made a huge difference for the people of this city -- he's one of the nation's really good mayors," Bush said. "We had a long-ranging discussion, and I came just to introduce myself so he got to know me. And he now knows he can pick up the phone and call the White House anytime he needs to."

Bush said that dining with the mayor was "the second political lesson I've had in recent weeks -- the first lesson I got was in early November, if you know what I mean."

Bipartisanship only goes so far, however. Bush lauded Sen. Peter G. Fitzgerald (R-Ill.) as "a good young leader," but the state's senior senator, Richard J. Durbin, a Democrat, was pointedly not invited.

Durbin said in a telephone interview that he believes a tax cut "can be a stimulus to our economy," but said it should be smaller than Bush's and do more for the middle class. As for the invitation, Durbin said, "I didn't expect one -- let's be honest." He noted that President Bill Clinton did not always invite Republicans to his events.

A White House official said Bush invited lawmakers who were "more supportive" of his plan.

REPORT: A LOOK AT WHAT SOME SPECIAL INTERESTS WANT FROM TAX BILL

Center for Responsive Politics
http://www.opensecrets.org/alerts/v6/alertv6_09.asp

When the U.S. House tomorrow takes up President Bush's ambitious $1.6 trillion tax cut, corporations and trade groups once looking to attach a long list of tax breaks to the proposal supposedly will go home empty-handed.

It's not that the plan doesn't include some plums for corporate America. Bush is asking for a permanent extension of the so-called Research and Experimentation tax credit, a corporate subsidy valued by almost every industry in the nation that will cost taxpayers about $50 billion over the next decade, according to the Office of Management and Budget.

To hear business groups tell it, they are, in fact, thrilled about the wide reach of tax plan itself. From its cut in tax rates for individuals to a proposed phase out of the estate tax, some of Washington's biggest trade associations contend they couldn't be happier with Bush's proposal. To prove so, they've organized nearly a half-dozen coalitions to lobby Congress and steer public opinion in favor of the bill. But while the White House reportedly has adopted a hard stance against including corporate subsidies in the tax plan, there's no guarantee that Congress will toe the party line. After all, the people who paid the estimated $3 billion tab for last year's record-breaking elections are looking for a return on that investment, and the tax bill provides an irresistible vehicle for achieving that goal.

Here's a guide to what some of those interests want, including a breakdown of their soft money, PAC and individual contributions to federal parties and candidates during 1999-2000:

Computer/Internet Industry
Contributions Total: $38.6 million, 52 percent to Democrats

In addition to pressing for an extension of the Research and Experimentation tax credits, the computer industry thinks software should be considered a depreciable asset, while Microsoft Corp ($4.5 million; 53 percent to Repubs) simply wants the cost of software to be written off as a business expense. Internet companies, meanwhile, are pressing for tax credits to expand high-speed Internet access networks around the country.

Automotive Industry
Contributions Total: $17.6 million, 79 percent to Republicans

The auto industry is not only pressing for an overall tax cut in hopes of boosting sagging auto salesbut also for credits that would encourage consumers to purchase vehicles built using new technology, such as the gasoline-electric hybrid cars. Ford Motor Co ($772,125; 71 percent to Repubs) and General Motors ($688,803; 73 percent to Repubs) also are hoping to change the way the government taxes multinational companies.
Oil & Gas
Contributions: $32.4 million, 78 percent to Republicans
Electric Utilities

Contributions: $18.4 million, 68 percent to Republicans
Mining
Contributions: $6.5 million, 86 percent to Republicans

With two former oil industry executives in the White House, there’s perhaps no other industry better positioned to gain financial favor from the government than energy companies. But you won’t find any specific tax incentives for the industry in the Bush plan. Instead, it appears Congress will be the one stepping to the plate, which it did last week. One day before Bush delivered his budget to Congress, Senate Energy Committee Chairman Frank Murkowski (R-Alaska) unveiled the National Energy Security Act of 2001, a bill that doles out billions of dollars in tax subsidies for energy companies, according to the watchdog group Taxpayers for Common Sense. Among the items: a much-sought-after reduction in the royalties that oil companies pay the government for drilling on public land and incentives for nuclear power plants to produce more energy.

Restaurants & Bars
Contributions: $8 million, 71 percent to Republicans

Almost six years after Congress repealed a tax deduction for the "three-martini" business lunch, the restaurant industry is pushing to reinstate that deduction. The write-off currently is 50 percent of the cost of a business meal, and the industry, led by the National Restaurant Association ($836,534; 86 percent to the GOP), wants the deduction increased to 80 percent.

Finance/Insurance/Real Estate
Contributions: $293 million, 59 percent to Republicans

The financial sector is looking to increase the amount people can invest in private retirement accounts or 401K plans. They are also seeking a reduction in the capital gains tax, which is levied against the sale of stocks, bonds, and real estate. In addition, banks and securities want a benefit previously approved by the House in 1999 (but vetoed by President Clinton) that would defer taxes on income they earn abroad until the money is returned to the US -- a move that could cost taxpayers in upwards of $5 billion a year. Insurance companies also are looking to write off losses by their affiliates against profits -- a move that’s expected to cost at least $950 million in lost taxes over the next decade, according to Congress’ Joint Committee on Taxation.

Beer, Wine & Liquor
Contributions: $11.5 million, 60 percent to Republcans

Anheuser-Busch ($1.6 million, 51 percent to the GOP) is pressing Congress to roll back the federal excise tax on beer. Approved in 1991, the tax adds up to roughly $18 a barrel, according to the company. Additionally, the Wine & Spirits Wholesalers of America ($440,384; 73 percent to Republicans) is lobbying to change the way imported alcohol is taxed in America.

Misc Business
Contributions: $163 million, 61 percent to Republicans

The National Federation of Independent Business ($1.1 million; 96 percent to Republicans), the US Chamber of Commerce ($506,444; 94 percent to Republicans) and the National Association of Manufacturers ($45,157; 70 percent to Republicans) are looking to repeal the corporate alternative minimum tax, which requires corporations receiving special deductions to pay a minimum amount of tax on their income. In addition, trade associations are shopping around a wish list of tax breaks for their individual members, ranging from incentives for appliance makers that create energy efficient products to increased write-offs for companies’ capital investments.

BASHING THE BOOMERS

By Paul Krugman
New York Times
http://www.nytimes.com/2001/03/07/opinion/07KRUG.html

Call it a "Bush trillion." It's a sum that is either much more or much less than $1 trillion — whichever is convenient — but one that George W. Bush thinks he can get away with calling "a trillion dollars" in speeches.

During the campaign Mr. Bush, to emphasize his moderation, claimed that he was matching a trillion dollars in tax cuts with a trillion dollars of new spending. In fact he proposed less than half a trillion in new programs, and now he proposes no real increase in spending at all. The tax cut, on the other hand, turns out to be $1.6 trillion, except that it's really $2 trillion once you count the interest costs. And it will be $2.5 trillion if it is accelerated, something Mr. Bush has urged but not factored into his numbers, and if a major wrinkle involving the alternative minimum tax is ironed out.

Meanwhile Mr. Bush has come up with another trillion, this time his "trillion-dollar contingency fund." It comes as no surprise that the actual number in his budget is only a bit more than $800 billion. And more than half of that consists of funds that Medicare was supposed to be setting aside for the needs of an aging population. So maybe we also need to define a "Bush contingency," as in: "Gee, people might get older, and they might have medical expenses. We can't be sure — but it could happen."

Which brings us to the question of identifying the victims.

For there will be victims. The latest line from tax-cut supporters is that this isn't really a big cut, that we can easily afford it. But if that were true, Mr. Bush would be able to justify his plans with honest accounting, and would be able to honor his own party's promises to protect the retirement trust funds. Yes, his cut is somewhat smaller as a share of G.D.P. than Ronald Reagan's. But Mr. Reagan's tax cut was a fiscal disaster, and would have been even worse had his irresponsibility not been partly offset by increases in the payroll tax that finances Social Security and Medicare.

So who will be hurt? First, of course, the usual suspects: the poor and near-poor, who, because they pay no income tax (though they pay quite a lot in other taxes), will get nothing from the tax cut but will bear the brunt of the spending austerity that the tax cut will force. And these victims include a third of the nation's children.

But there will be other victims: middle-income baby boomers.

We keep hearing about the "typical" family that will receive a $1,600 tax cut. Now it's true that under Mr. Bush's plan a median-income family of two adults and two children under the age of 17 would get a $1,600 cut starting in 2006. Most of that, however, comes not from lower tax rates but from an increased child credit. A couple whose children are grown (or even college-age) get only $600, a widow or widower gets only $300. So for middle-income baby boomers, there just isn't much of a tax break. (You can also start to see why 88 percent of families will get less than that "typical" $1,600 break, in most cases much less.)

Needless to say, there is no comparable fine print when it comes to tax cuts for the rich.

Meanwhile, Mr. Bush has made it clear that he intends to raid the funds that were supposed to support the baby boomers in their retirement. Social Security and Medicare were expected to accumulate almost $3 trillion in reserves over the next decade, reserves that were supposed to be there for the baby boomers. But Mr. Bush proposes to divert about $1 trillion — a real trillion, not a Bush trillion — into other uses. There will be elaborate sophistry about how money diverted into individual Social Security accounts is still "in the system," about how Medicare surpluses used to finance prescription drug benefits are still part of Medicare, but the fact is that in each case the money isn't available for its intended use.

Without those reserves Medicare will be in trouble early in the next decade, Social Security a bit later. But the pressure to cut benefits will begin years before.

In an unguarded moment during the campaign Mr. Bush remarked about the future Texas fiscal situation, "I hope I'm not here to deal with it." Maybe his attitude toward the consequences of his tax cut is the same: by the time the bill comes due, he'll be gone.

GOOD ALTERNATIVES TO BUSH'S PLAN

Minneapolis Star Tribune
http://www.startribune.com/viewers/qview/cgi/qview.cgi?template=opinion_a&slug=ED07

The U.S. House is scheduled to vote Thursday on the first installment of President Bush's big tax-relief package, and Democrats are coming under intense pressure to help pass it. Republicans pushed the bill through the Ways and Means Committee at warp speed last week, and Bush is barnstorming through states where Democrats who oppose tax cuts might be vulnerable in 2002.

Democrats who worry about the size and fairness of Bush's plan shouldn't cave in. There are, or soon will be, better plans available, and they shouldn't hurry a trillion-dollar decision.

One reason for the GOP's haste is plain: The Bush plan doesn't hold up under sustained scrutiny. The White House likes to say that, over its 10-year life, the tax package consumes only $1.6 trillion of a projected $5.6 trillion surplus. But the true cost of the Bush tax proposal, counting additional interest payments on the federal debt and a retroactive feature, is roughly $2.6 trillion. Meanwhile, the true surplus, excluding Social Security and Medicare reserves, is $2.7 trillion. That doesn't leave much money for new education funding, Medicare reform or other initiatives that ought to happen soon. There's a fairness question too. The top 1 percent of taxpayers, who pay 24 percent of taxes, get 39 percent of tax relief under the Bush plan.

But the real reason for speed is that, until now, Democrats had no good alternative to the Bush plan. That's no longer true. Last week House Minority Leader Dick Gephardt released the House Democratic proposal. It does everything the Bush plan does -- cut income-tax rates, ease the so-called marriage penalty and reduce the estate-tax burden -- but in smaller bites that consume less of the federal surplus.

If lawmakers don't like the Gephardt plan, there's the "prosperity dividend" proposed by economists Richard Freeman of Harvard University and Eileen Appelbaum of the Economic Policy Institute. A one-time payment of roughly $400 per person, mailed this spring or summer, would reach more households than the Bush proposal and provide a better insurance policy against recession. It would tap only the true surplus, and would give lawmakers the rest of the year to draft tax reform thoughtfully.

If that plan doesn't appeal, the House Progressive Caucus, a group of 58 left-leaning lawmakers, has proposed something called the people's dividend. It would be an annual tax rebate to taxpayers, sized and targeted as lawmakers see fit, paid every year that the federal government posts budget surpluses.

During the long presidential campaign, voters considered the case for tax cuts patiently and thoroughly, and they came out deeply divided. Now it's Congress' turn, and there's no reason for false haste or forced consensus.

A CONFIDENCE CRISIS

By Kevin Phillips
Los Angeles Times
http://www.latimes.com

WASHINGTON--The forces threatening the United States with a major recession can't get the national attention they deserve while our leaders, most notably the new president and dynastic heir George W. Bush and the departed pardoner-in-chief Bill Clinton, indulge in their respective games of trivial pursuit. Maybe somebody ought to give the two of them kid-lettered signs that say "Crumbling Confidence Levels 'R' Us."

From the start, awareness of the new president's inexperience has guided the highest circles of the Bush family, namely father George and mother Barbara. Thus, besides the analogies to previous royal restorations in Europe, there have been media portraits of Vice President Dick Cheney as the de facto prime minister who governs, while George W. handles the ceremonies and kindergarten visits. Still others have likened Cheney, Defense Secretary Donald H. Rumsfeld and Secretary of State Colin L. Powell to the wise regents appointed in yesteryear's monarchies to hold the reins until a boy king comes of age.

Unfortunately, the parallel is becoming riskier. Recent declines in the University of Michigan and Conference Board consumer-confidence levels, the nose dive of the tech-bloody Nasdaq and the increasing skittishness of consumer spending make it possible, if still not probable, that the props could be sliding out from under the economy. Federal Reserve Chairman Alan Greenspan, in this week's congressional testimony, no longer seemed to have a clear view of what the economy is doing. If he equivocates much longer, maybe he should get to hold the third sign.

Private and international debt is hanging over this country like an executioner's ax, and all Greenspan can do is expound on how we're paying off the national debt. The evidence of history, unfortunately, is that the biggest economic downturns often come after the biggest booms. And if a serious recession is unfolding, its effects could be aggravated by a partial collapse of the record build-up of household debt. Then they could be further aggravated if the country's huge international indebtedness, now growing by some $400 billion a year, leads to a reversal of money flows, as foreigners decide they no longer want to keep their eggs in the U.S. economic basket.

Clinton, the Democrats' continuing image problem, seems to have an attention-deficit disorder: If he isn't in the spotlight, he has a disorder--and he's in danger of turning into the court jester of national politics. His tacky behavior in recent weeks, mostly in the matter of his last-minute pardons of fugitive financier Marc Rich and others, is preoccupying Congress and the media because it proves that Clinton will be just as scuzzy an ex-president as he was a sitting president; and that no other major Democrat can compete with him in the attention sweepstakes, a potential disaster for the Democratic congressional leadership.

The Republicans' trivial-pursuit problem is on both Capitol Hill, where Clinton's misbehavior is center stage, and in the White House, where Bush seems to be having as much trouble thinking clearly as he does speaking clearly. Since his address to Congress Tuesday night and the release of his budget the following day, for example, it has become manifest that his central preoccupation lies in cutting enough from federal spending programs, which benefit ordinary Americans, to convince the public that there's room for his tax cuts, which largely benefit the top 1% of taxpayers.

If the media can put aside its pursuit of how many times Denise Rich, ex-wife of Rich, or other pardon-related folks visited the White House and why, Bush's budget would become the electoral equivalent of the Goodyear blimp moored over an antiaircraft battery. It's that contemptuous of public opinion. The latest Washington Post-ABC News poll shows that only 22% of Americans favor making tax cuts the No. 1 fiscal priority; by contrast, 35% say the top priority for the budget surplus should be to increase spending on education and health care, which is closer to the Democratic viewpoint. If the Democrats don't win this one, they have only Clinton, Rich, Roger Clinton and Hugh and Tony Rodham to blame.

As for the fuddled thinking in Bush's fiscal policy, those roots go deep, and both varieties of fuddle--fiscal and day-to-day--help explain both his mediocre job rating and the public's ebbing confidence in its economic future. Web sites have begun to acquaint the public with the president's continuing muddles, which are a little frightening.

On Feb. 21, November's popular-vote loser told a Tennessee audience that, "You teach a child to read, and he or her will be able to pass a literacy test." In a January interview with the New York Times, he said, "Redefining the role of the United States from enablers to keep the peace to enablers to keep the peace from peacekeepers is going to be an assignment." And on Jan. 29, he said in Washington that, "I am mindful not only of preserving executive powers for myself, but for predecessors as well."

Compared with Bush, Dan Quayle was a second Noah Webster, the dictionary man. Indeed, Marilyn Quayle, wife of the former vice president, warned us about this in 1999. She told the Arizona Republic that, "The caricature they made of Dan in '88 is George W. . . . It wasn't true about Dan, but it is [of] him."

Crumbling consumer confidence is especially dangerous now. Surveys in 2000 and 2001 have shown that the ups and downs of the Nasdaq--last week at a two-year low and about 60% below its March 2000 high--have been a strong determinant of surges and retreats in consumer spending. Ironically, something like this happened to consumer spending in 1930 after the 1929 stock-market crash. Consumer spending fell 10% below 1929 levels, and the economy steadily worsened.

No one is predicting any such falloff in 2001. But there's an old pattern in the U.S. economy that the longest booms often yield the toughest downturns. The 1960s gave way to the recessions of 1970-71 and 1973-74. The 1920s were followed by the crash and the 1930s. The "roaring" 1880s evolved into the double downturns of 1890-91 and 1893-96. Considering that we just had a two-decade boom and bull market from 1982-2000, these precedents bear thinking about.

Despite Greenspan's musings last week during an appearance before a House committee that we'll soon have the national debt paid off, the truth is, the national debt is far from being paid off, and there are other quicksand pools of U.S. debt that are riskier than ever. The national debt is currently $5.7 trillion. Some $2.1 trillion of that is held for Social Security, Medicare and other trust funds; of the $3.6 trillion in private hands, much of it is held overseas and by central banks. They won't want to cash it in, even if the United States has huge budget surpluses for the next three years and could afford to do so.

As for the other debt swamps, corporations have borrowed massively over the last five years and plenty would be at risk if a downturn is at all severe. Private household debt grew enormously during the 1990s. People have maxed out their credit cards and borrowed against their houses to keep up with the Joneses (or the Dow Joneses, as the case may be). Household debt as a percentage of annual personal income has climbed from 29% in 1949 to 63% in 1979 and to about 90% in 1999, or some $5 trillion. Homeowners, on average, owe lenders about 46% of the market value of their houses in 1999, up from 40% in 1991. Many people in the bottom two-thirds of income groups have no savings, and a significant recession would wipe them out--and wipe out not a few of their lenders, too.

But it is especially irresponsible for Greenspan, in his happy talk about paying off the national debt, to ignore U.S. international indebtedness, which keeps piling up as we run monthly current-account deficits of between $32 billion and $33 billion. The current-account deficit includes not just the balance of trade in goods and services but also the balance of investment income. No country has ever had an international accounts deficit as large as ours. So far, though, it hasn't caused the economic disaster that is theoretically possible because the flow of funds has been favorable: Foreigners are leaving their money in U.S. equities, bonds or corporate investments. A serious recession, a falling dollar or both could change that.

If the U.S. economy starts looking more like it's about to slide into recession, the first, second and third priorities have to be help for the families in the bottom two-thirds income groups. Any tax cut should target them. What makes no sense is a tax cut that, over 10 years, would allocate 30% to 40% of its benefits to the top 1%, especially if any part of it, in any way, jeopardizes Medicare or Social Security--or other existing federal spending that benefits low- and middle-income groups.

If Bush doesn't understand that he and his half-baked fiscal programs are part of the confidence crisis, then his concern about not leaving problems for his predecessors could become tragic instead of funny.

MORE MONEY NEEDED FOR DRUG COVERAGE, LAWMAKERS SAY

New York Times
http://www.nytimes.com/2001/03/07/politics/07HEAL.html

WASHINGTON, March 6 — Members of Congress drafting a budget blueprint said today that they would provide substantially more money than President Bush requested to subsidize prescription drug benefits for elderly people in the coming decade.

In his request to Congress last week, Mr. Bush proposed spending a total of $153 billion for drug benefits as part of a comprehensive plan to overhaul Medicare from 2002 to 2011.

But lawmakers said more money would be needed to provide minimally adequate drug coverage.

New estimates from the Congressional Budget Office suggest that drug spending for the elderly and the disabled in the next decade will be much higher — perhaps 33 percent higher — than the agency predicted just 10 months ago.

Senator Charles E. Grassley, the Iowa Republican who is chairman of the Finance Committee, said the Republicans' budget blueprint would include a "considerably larger" sum than Mr. Bush requested for prescription drugs.

The budget blueprint will be drafted mainly by the Budget Committees of the Senate and the House. Senate Republican aides said Republicans would probably earmark $190 billion to $200 billion for drug benefits and Medicare changes in the coming decade. That is 24 percent to 31 percent more than Mr. Bush proposed.

Mr. Bush developed his proposal before the budget office revised its estimates, Mr. Grassley noted. "That's not a condemnation of the administration," he said, vowing to use the president's request as "a starting point."

Lawmakers examined the president's request at a hearing of the Senate Budget Committee, where they questioned Tommy G. Thompson, the secretary of health and human services.

Senator Kent Conrad of North Dakota, the senior Democrat on the committee, said Mr. Bush's request for $153 billion was "inadequate, based on the new numbers we've gotten from the Congressional Budget Office."

Mr. Thompson's defense of the president's request appeared to be rather tepid. "I can't sit here and tell you that $153 billion is the right amount," he said.

Secretary Thompson said the government could get more money for drug benefits from two sources, by making Medicare more efficient and by dipping into a "contingency fund" proposed in the president's budget.

Mr. Thompson reaffirmed the president's desire to provide $12 billion a year in immediate assistance to the states, so they could help buy prescription drugs for the elderly, while Congress works on legislation to revamp Medicare.

But Senator Ron Wyden, Democrat of Oregon, said he had seen no indication of how Mr. Bush would obtain discounts or help control drug costs.

Mr. Thompson listed several options. States, he said, could hire private companies to manage drug benefits; could create financial incentives for the use of low-cost generic drugs; and could establish lists of recommended drugs, known as formularies, with patients required to pay extra for drugs not on the list. Also, he said, states could seek "negotiated discounts" from drug makers.

On a related issue today, federal health officials reported a reduction in improper Medicare payments to health care providers. Improper payments cost Medicare $11.9 billion last year, down from $13.5 billion in 1999, they said.

The acting inspector general of the Department of Health and Human Services, Michael F. Mangano, said 6.8 percent of all payments in the traditional fee-for-service Medicare program were improper last year. By contrast, the error rate in 1999 was 8 percent.

Improper payments include inadvertent mistakes as well as outright fraud and abuse. The government did not estimate the amount attributable to fraud. By curtailing improper payments, federal officials said, they make money available for new benefits like prescription drugs.

The amount of improper payments and the error rate, as measured by the inspector general, have both declined by about half since 1996. The federal crackdown on fraud, waste and abuse has slowed the growth of Medicare, making doctors and hospitals much more cautious in submitting claims.

"The continued reduction in losses is good news for Medicare and taxpayers," said Senator Tom Harkin, Democrat of Iowa.

PRICE WAR BREAKS OUT OVER AIDS DRUGS IN AFRICA AS GENERICS PRESENT CHALLENGE

Wall Street Journal
http://interactive.wsj.com/articles/SB983915787153550680.htm

An extraordinary price war is breaking out in the market for AIDS drugs in poor countries, as pharmaceuticals giants seek to blunt a growing threat from generic-drug companies and recoup some moral high ground amid the crippling epidemic.

Merck & Co. Tuesday confirmed it is slashing the prices for two of its important AIDS-fighting drugs in Africa by 40% to 55%, on top of sharp reductions the company already pledged last year. In a significant development, it also plans to offer the reduced prices to other poor countries beyond Africa.

Bristol-Myers Squibb Co. and GlaxoSmithKline PLC also plan to implement a new round of sharp cuts, people familiar with the matter said. They come at a time when two generic companies based in India are now fighting with each other to claim the low-cost mantle.

"This is extraordinary news," says David Nabarro, a high-ranking World Health Organization official who was alerted to the move

Tuesday. "This is part of a trend we hope will increase availability."

Despite the fast-dropping prices, it is still unclear how many people can benefit in Africa, where an estimated 25 million people are infected with HIV, the virus that causes AIDS. Highly publicized price cuts by the major pharmaceuticals makers last May haven't had much impact on the epidemic, because the cost was still too high and the negotiating process to implement them has been cumbersome. And even at the new lower prices, few will be able to pay for the drugs without a major infusion of funds from abroad.

The latest pricing moves reflect increasing concern by pharmaceuticals executives that generic competitors are winning a public-relations battle that could eventually undermine international patents -- their most precious asset.

Just this week, 39 pharmaceuticals makers went to court in a lawsuit designed to block South Africa from importing or manufacturing generic copies of the big companies' drugs. But the court case is provoking a public pummeling by AIDS activists, who argue the patents are keeping life-sustaining drugs from the grasp of millions of people.

Pharmaceuticals executives worry that the vilification of the industry will become so widespread that governments will become emboldened to take away drug-company patents, not just in poor nations, but even in wealthier ones, as well. In the U.S., for instance, politicians and health advocates have complained strenuously about the high cost of medicines.

"If we don't solve the drug access problem, then our intellectual property is at risk," says Raymond Gilmartin, Merck's chairman and chief executive. He adds that the companies "need to demonstrate that intellectual property is not an obstacle" to access in developing countries.

The current pricing free-for-all was triggered last month when Cipla Ltd., a leading generic drug maker in India, promised to sell a combination of three AIDS drugs to Africa at $600 per patient per year, about 40% below the discounted price of a similar regimen offered by the giant drug makers.

A New Entrant

Now a second Indian manufacturer, Hetero Drugs Ltd. has just announced it will sell the same cocktail of drugs for $347 a year. Hetero's entry into the AIDS pricing fray is being hailed by AIDS activists, partly because they say it will bring more pressure on all drug companies, generic or patent-based. The Indian company has already entered an agreement with a large South African generics firm, Aspen Pharmacare Ltd., to distribute Hetero's drugs -- if the South African government wins its lawsuit with the pharmaceuticals companies and allows for the importation of generic drugs.

Price War

The most recent prices for AIDS drugs per patient per year in the U.S. and Africa offered by large drug makers and two Indian generic drug companies.

Drug *(Company)*	**U.S. Price**	**Cipla**	**Hetero**	**Latest Company Offer in Africa**
Zerit *(Bristol-Myers)*	$3,589	$70	$47	$252
3TC *(Glaxo)*	3,271	190	98	232
Crixivan *(Merck)*	6,016	N.A.	2,300	600
Combivir* *(Glaxo)*	7,093	635	293	730
Stocrin *(Merck)*	4,730	N.A.	1,179	500
Viramune *(Boehringer)*	3,508	340	202	483

*****AZT and 3TC
N.A.=not available
Sources: The companies,WSJ research

"These connections between Indian and South African firms are the future of AIDS treatment in South Africa," says Toby Kasper, a member of Doctors without Borders. "I hope that the government will ensure that these offers can be taken up as soon as possible."

The Indian generic companies face many hurdles. They can produce and sell patent-protected drugs in India because that country doesn't recognize international patent laws. In order to sell the drugs to Africa, the Indian companies must somehow get around patent laws -- even those with weak protections -- in Africa. Moreover, the Indian companies must get each of their medicines approved by local regulatory agencies, something that already has been accomplished by the big drug companies.

Merck, on the other hand, says its new offer is available immediately to any government, charitable organization, or employer in poor nations.

Executives say this round of price cuts will be different from last May's, in which Merck drew criticism by declining to make its prices widely known. Back then, it also restricted the offer to Africa, and insisted that the U.N. help oversee the process. Now, it plans to roll out the offer to poor nations beyond Africa, although it hasn't yet specified which ones. Merck's only demand is that it receive guarantees that their drugs won't be re-exported to any other nation.

Merck says it will abandon country-by-country negotiations that have dragged on slowly since last summer and led to such a small number of pricing agreements. To date, only three African countries -- Senegal, Rwanda and Uganda -- have agreed to take the companies up on last year's price reductions.

"We were not making the type of progress we wanted," says Per Wold-Olsen, who runs Merck's Middle East and Africa operations. So, he says, the company decided to simplify the process by coming up with one price that it considers to be the lowest it can go.

Specifically, Merck is now offering to sell its powerful protease inhibitor drug, Crixivan, for $600 per patient per year, 43% lower than its previous discounted price of $1,044. In addition, it also will charge $500 a year for another AIDS drug, Stocrin, which is 55% below the price it offered in May. Both drugs are critical components to the AIDS cocktail therapy, which has lowered the HIV death rate throughout the industrialized world.

Each of these drugs is often included in a daily regimen with Glaxo's Combivir, a combination of two drugs, AZT and 3TC, to produce the powerful AIDS cocktail. As a result of the new price offering, either of these two regimens would cost less than $1,330 a year, far below $10,800 and $11,800 a year in the U.S.

In fact, Merck's new price for Crixivan undercuts generic copies of the drug made by India's Hetero, which is offering to sell the drug for $2,300 a year. Merck says in order to meet expected demand it is rearranging manufacturing facilities to triple production capacity for Crixivan. Merck says its new prices for Crixivan and Stocrin give it no profit, though it isn't possible to verify that from independent sources because the company's production costs aren't known.

Peter Piot, executive director of the Joint United Nations Program on AIDS, or Unaids, says he is especially pleased that Merck has ended its previous policy of allowing its price to be known only to countries that participate in Unaids-sponsored negotiations. Making the price public "is crucial to helping governments in the hardest-hit regions plan sustainable HIV care programs," Dr. Piot says. "As prices fall as close to costs as we can get them, it means that we can concentrate on the other issues: building and strengthening health systems, raising finance, and ensuring that a wider care agenda is delivered."

Pilot Program

A little less than three years ago, at the 1998 world AIDS conference in Geneva, the United Nations first announced a pilot program to provide HIV drugs at cut-rate prices to several developing nations. Merck was one of the largest AIDS drug manufacturers to refuse to participate.

Executives insisted the price of AIDS drugs wasn't the prime barrier to improving the lot of HIV-infected people in Africa. Instead, the company argued that what was most needed was so-called infrastructure, health services and patient and doctor education. To buttress its case, Merck pointed to its successful giveaway of a drug sold in the U.S. for treating animals but which can prevent river blindness in people. Merck said the key to its river-blindness program was the years it spent building health-service networks to provide the drug.

Instead of joining the U.N. pilot program, Merck pledged $5 million to a Harvard AIDS Institute program to develop new ways of providing care in Africa. Activists at the AIDS conference weren't appeased. Blowing whistles and shouting through bullhorns, they trashed Merck's booth, kicking down display stands and spray-painting slogans over its colorful Crixivan ads.

Two years later, however, Merck changed its tune. While maintaining that price discounts alone won't solve the AIDS crisis for most of Africa, the company decided that by lowering prices the number of people treated, while still low, would greatly expand. In addition, the company says it was heartened by statements by WHO Director General Gro Harlem Brundtland saying that any effort to increase access to drug-company medicines must also include agreements honoring the drug makers' patents.

"She deserves tremendous credit," says Merck's Mr. Wold-Olsen. "She's been severely criticized by her own people and governments in the developing world for her willingness to partner with industry." As a result of Dr. Brundtland's assurances, and because of intensifying public pressure, last May Merck joined with Bristol-Myers, Glaxo, Boehringer-Ingelheim GmbH and Roche Holding Ltd., in announcing the then-unprecedented 80% to 90% price reductions. Merck also pledged $50 million plus free drugs for a program to develop comprehensive AIDS care in Botswana. The program is cosponsored by the Harvard AIDS Institute and the Bill and Melinda Gates

Foundation.

Now the company says it realizes it must go further.

In January, Merck's chairman, Mr. Gilmartin, met in Davos, Switzerland, at the World Economic Forum with WHO's Dr. Brundtland and with Unaids's Dr. Piot. Both explained to Mr. Gilmartin that the companies' price discount in May wasn't producing much of an increase in access to the AIDS drugs. In particular, the health leaders and others told Mr. Gilmartin that even at last year's reduced price, the cost of the AIDS drugs was still too high.

'Gaining Experience'

In a series of internal discussions in recent weeks, company officials say they decided that one way to stimulate large-scale involvement by the U.S., the European community and other major funding groups was to provide the new pricing scheme in which the company would be selling its products at about what it costs to manufacture the drugs. Mr. Gilmartin says the companies' evolving stances, in which it initially refused to discount prices, then made its first price reductions last year, to its new position now are simply a result of Merck "gaining experience."

Still, Merck officials continue to fret that lowering prices for poor nations will be used by health advocates to demand lower prices for AIDS drugs in the U.S. "We're making a big assumption here," says Mr. Gilmartin, "that the American people and Congress will look at our discussions in Africa and recognize that they should not be a part of the debate about prices in other parts of the world."

Meanwhile, several other major drug makers, also discouraged by the small numbers of Africans who have benefited from the first round of price cuts, say they are seriously considering new reductions similar to Merck's. Glaxo had previously reduced its Combivir drug by 90% to $2 a day, a price that was available only to governments. But Jean-Pierre Garnier, Glaxo's chief executive, says the company is now offering the same price to "clinics, employers -- essentially centers in contact with thousands of AIDS patients in Africa."

For example, the company is negotiating with the South African mining company Anglo American Corp. in Johannesburg to provide AIDS drugs at the discounted price. Moreover, Mr. Garnier says he hopes that as private charitable agencies and African governments "endorse our offer, our volume will increase and we will be in a position to realize economies of scale and therefore pass further cost savings on to the patients -- the ultimate beneficiaries of this approach."

Moreover, three other major AIDS drug providers, Roche, Bristol-Myers and Boehringer-Ingelheim, are all considering their own new set of reduced prices. Kellie McLaughlin, a spokesperson for Roche, says within the past 10 days the Swiss drug-maker told Unaids the company plans to lower the price of Viracept and Fortovase, two protease inhibitors it sells. Although the company won't say how much it expects to reduce the prices, it acknowledges the price cuts are the first for these products since late 1998.

And while Bristol-Myers won't say if it will reduce prices below what it offered in May, people familiar with the company's plans say the drug maker expects to offer its own round of sharp discounts sometime soon.

All the companies maintain the new drug charges are about as low as they can go without huge volume buying. Still, AIDS activists, who have become skeptical of drug-company statements over the past few years, are likely to say the companies can discount further. Expecting that, Mr. Gilmartin says the price "will never be low enough" to satisfy activists. "I don't expect to get any credit," he says. "But we will make a difference."

BOTSWANA DIAMOND FIRM TO SUBSIDIZE DRUGS FOR HIV-POSITIVE EMPLOYEES

Associated Press
http://interactive.wsj.com/articles/SB983957713862866855.htm

GABORONE, Botswana -- Botswana's national diamond company, Debswana, said it plans to start subsidizing life-prolonging drugs for HIV-positive employees.

The company said it will pay 90% of the cost of anti-retroviral treatment for HIV-positive employees and HIV-positive spouses of employees.

Botswana jointly owns Debswana with the international diamond giant De Beers.

"To extend employees' productive lives, the company will subsidize the cost of anti-retroviral drugs," Debswana said in a statement Tuesday. The firm will also subsidize the cost for monitoring of the concentration of the virus in the body and blood tests that the determine the extent of damage to the immune system.

"The company will pay 90% of these costs for the employee and one legally married spouse who is HIV-positive for as long as the employee remains with Debswana. Children and other dependents are not included," the statement said, adding payments will begin immediately.

Debswana employs 6,000 people at its three mines, head office and its diamond valuing subsidiary.

Botswana is suffering one of the world's highest HIV-infection rates, with more than one-third of the country's adults infected. A total of 300,000 of the country's 1.5 million adults and children carry the virus.

In the last decade, average life expectancy has plummeted to 39 years from the mid-60s, according to a report by the U.S. Census Bureau. By 2010, the average Batswana will not reach 30.

Debswana has previously said the rate of HIV infection at its mines is in line with the national figure. Diamond revenue accounts for 80% of Botswana's export earnings and half of its government revenue.

AIDS FIGHTERS WIN SKIRMISH IN SOUTH AFRICAN LEGAL FIGHT

Wall Street Journal
http://interactive.wsj.com/articles/SB983917924643317938.htm

PRETORIA, South Africa -- AIDS activists scored a victory against international drug companies by putting the suffering of AIDS victims back at the center of a landmark legal suit seeking to stop South Africa from importing low-cost vital medicines.

The campaigners' success came in the second day of the lawsuit when Pretoria High Court Judge Bernard Ngoepe allowed a local AIDS lobbying group, the Treatment Action Campaign, to join the case in support of the South African government's defense against 39 leading drug makers.

The hearing was then postponed for six weeks to give the pharmaceutical companies time to respond to TAC's arguments. Lawyers for the activists plan to describe to the court the high cost of AIDS drugs, the suffering of those too sick and poor to pay for the treatment they require, and the need to place patients' rights above patent rights.

The major drug firms and the South African Pharmaceutical Manufacturers Association, or PMA, a trade group, want to strike down the 1997 Medicines and Related Substances Control Act. They argue that the law infringes on intellectual-property rights, breaks international trade agreements and contravenes the constitutional protection of property rights by allowing the import and manufacture of medicines at cheaper prices than those offered by the drug makers.

The lawsuit has drawn widespread condemnation from human-rights activists around the world who accuse the drug companies of putting profits before people. The companies say the case isn't about the scourge of acquired immune deficiency syndrome, which ravages the victim's immune system, or drug prices, but about an industry's need to protect its patent rights.

Judge Ngoepe on Tuesday said public health was also a central issue. "There are a lot of people, perhaps the entire nation and many beyond our boundaries, who are interested in this matter," he said.

The pharmaceutical companies are now facing not only a more difficult case but also a mounting public-relations predicament. But the PMA's chief executive, Mirryena Deeb, said the drug manufacturers cannot afford to drop the case. She said that while South Africa may represent less than 1% of world drug sales, the precedent of allowing a government to step on drug companies' patent rights would have far-reaching effects, beyond the questions of cost and crises.

"What's at stake here is more than just a narrow South African issue. It's about the ability of the entire pharmaceutical industry to protect its patents, which motivates it to innovate the development of new drugs," Ms. Deeb said.

Stephanus Cilliers, the PMA's lawyer, vehemently opposed the activists' request to be a "friend of the court" on the grounds that it was filed late and added little to the government's defense. But Judge Ngoepe said he thought the TAC application brought an important dimension to the case absent from both the drug companies' and the government's arguments. It was the dimension, he said, of the "dead and the dying."

AIDS activists and charity groups hailed the decision. "The pricing of HIV [human immunodeficiency virus] drugs will now be an integral part of this court case," announced Michael Heywood, the head of the South African Aids Law project and a member of TAC. The drug companies say they believe the judge has prejudiced their case by allowing TAC to introduce a new legal argument letting the court "justify" the limitation of patent rights in the name of the greater public good. "It's a whole new ball game now," Ms. Deeb said.

Mr. Cilliers had contended that his clients needed at least four months to prepare a response to all the issues raised by TAC. To that, a visibly shocked elderly woman in the public gallery whispered, "But people are dying." Judge Ngoepe rejected the request, giving the firms until April 10 to file a final response. The hearing will resume on April 18 for one week.

BIG DRUG COMPANIES, SHAMEFUL PROFITS

by Richard Gwyn
Toronto Star
http://www.commondreams.org/views01/0307-03.htm

FOR THE shareholders of GlaxcoSmithKline, and similarly for its executives, the news couldn't have been better. A week ago this pharmaceutical conglomerate announced record profits for the year 2000 of a whopping $5.8 billion U.S.

But for the shareholders and executives of Glaxo, this same news couldn't have been worse. More exactly, this news couldn't have broken at a worse time.

Here, at the very moment that the company is reporting record profits, it is sending its lawyers into court to plead poverty.

Worse still, Glaxo's financial performance seemed like a direct echo of the slogan that the groups criticizing Glaxo for doing too well out of unwell people have been using to embarrass the company. That slogan is, ''Patients before patents."

It is the war cry in the latest engagement between the corporate globalism that is the dominant ideology of our times and its opponents in the civil society movement, including in this instance Oxfam and Médecins Sans Frontiéres (Doctors Without Borders).

The specific issue is a court case begun this week by 31 multinational drug companies in an attempt to have declared unconstitutional a law enacted by the South African government that, as the legislation declares, empowers the govern- ment to ``prescribe conditions for the supply of more affordable medicines . . . so as to protect the health of the public."

The public health that the South African government is attempting to protect is that of its estimated 2.5 million HIV-positive patients.

AIDS/HIV is sweeping across sub-Saharan Africa like a modern equivalent of the Black Death. In all, some 25 million black Africans are HIV-positive (out of some 35 million sufferers in the entire world). In some countries, life expectancy has dropped to 40 from 60 a decade ago. In some parts of the worst-affected countries, the life expectancy of babies born today is a pitiable 28 years.

South Africa may well be the hardest hit. A new, lost generation of orphans, prone to crime because they feel they have no stake in society, is growing up. Shortages of skilled workers are beginning to slow economic growth.

In North America and Europe, HIV patients are treated with an anti-retroviral ``cocktail" at a cost of $10,000 or more a year. In South Africa, the entire annual health care spending on each person each year is barely $50.

The legislation represents a desperate attempt by the government to secure drugs at prices it can - if not afford, exactly - atleast begin to be able to pay for. In response, the Indian generic drug company Cipla is offering South Africa a cocktail of drugs at $350 to $600 per patient, while Brazil has offered to supply generic drug-manufacturing equipment.

South Africa's defiance is beginning to become infectious. Last week, the Jesuit founder of an AIDS hospice for orphans in Kenya's capital, Nairobi, announced that he will buy generic anti-retroviral drugs from Cipla. ``I'm sick and tired of funerals," said Father Angelo D'Agostino.

For the drug companies, the market in sub-Saharan Africa, and indeed that in the entire Third World, is irrelevant. It accounts for less than 2 per cent of their global sales.

Their concerns are two-fold: That a precedent set for AIDs drugs will later be extended to other medical areas. That some of the cheap drugs imported into poor countries will be smuggled back into the drug markets that matter - North America and Europe.

Most observers expect that the South African law, which in fact has been poorly drafted, will indeed be ruled unconstitutional. For the drug companies, this victory would almost certainly be a pyrrhic one.

Last year, after the then Clinton Administration announced it would take legal action against the South African government before the World Trade Organization, civic society protestors staged so many demonstrations against presidential candidate Al Gore that the action was cancelled.

The new Bush Administration has confirmed that it won't move against South Africa.

In a public relations counter- strike, the drug companies have cut their prices to Third World countries by as much as 80 per cent (for certain products under certain circumstances). And they've negotiated cheap drug agreements with three African countries, although these are mostly for show, since the agreement with Senegal provides these drugs to just 500 patients.

At whatever cost, these drugs are merely palliatives. A real solution would require the development of an AIDS vaccine.

But since there's now limited demand for it in developed countries, the drug companies are spending only $300 million on vaccine research.

''Patients before patents.'' That's a war cry that's going to become louder and louder.

POVERTY, PREJUDICE HINDER INDIA'S AIDS FIGHT

Washington Post
http://www.washingtonpost.com/ac2/wp-dyn/A32632-2001Mar6

BOMBAY -- In a garbage-strewn alley in the city's red-light district, a 24-year-old prostitute slumps on a string bed, weak from tuberculosis and diarrhea. She knows she has AIDS, but she has never heard of the multidrug "cocktail" that curbs the progress of the disease. Even if she had, she could never afford to buy it.

"Nobody wants the girls once they get sick," explains Manju, a health counselor who visits the alley each week. She says prostitutes with AIDS are shunned by many hospital doctors, brothel operators and their own families. "We feel so helpless; all we can do is comfort them and find them a place where they can go to die."

In a corporate office a few blocks away, Yusuf Hamied, a 65-year-old drug company owner, is embroiled in an international battle to bring down the prices of anti-AIDS drugs. In December, he infuriated Western pharmaceutical firms by offering copies of their patented drugs to Third World governments at sharply reduced prices; in February he offered the drugs that make up the AIDS cocktail for a mere $350 per patient per year -- compared with $10,000 to $15,000 in the West -- to a doctors' charity that works with AIDS patients in Africa.

"We are called pirates, but who is being pirated? Patients in countries where there is a monopoly on these drugs," asserts Hamied, chairman of Cipla Ltd. In India, he says, "AIDS is a foreseen tragedy. In five years we will probably have 35 million HIV-positive people. If we do nothing about it, India will become another Africa, and then it will be too late."

Fifteen years after the first case of AIDS was reported in India, the country now has the second-largest number of HIV-infected people in the world, ranking just below South Africa. The government estimates there are 3.5 million HIV-positive Indians; the World Health Organization puts the figure at 4 million.

According to various estimates, between 100,000 and 300,000 people are dying each year in India of AIDS-related illnesses. Although the nationwide rate of HIV infection remains less than 1 percent, doctors and health experts here say that, in a country of 1 billion people, the sheer volume of cases makes India's AIDS problem costly and potentially devastating.

The Indian government and international agencies have made intensive efforts -- especially in major cities, where most cases have been reported -- to promote awareness of AIDS and control the spread of the human immunodeficiency virus (HIV), which causes AIDS. Yet the disease remains widely misunderstood in India, because of a combination of cultural taboos and lack of education.

Most people in rural areas, where an estimated 73 percent of Indians live, still know little about the disease, and most urban residents with AIDS are afraid to be identified because the disease is associated with sexual behavior, contagion and death. There is no national lobby of AIDS patients, and only one well-known Indian, a 35-year-old Madras musician named Ashok Pillai, has publicly declared he is HIV-positive.

Moreover, while antibiotics and other medicines that control the infections that result from AIDS are inexpensive and widely available in India, far less attention has been paid to helping people with HIV avoid developing the disease. Government health policies stress prevention over treatment, and only a tiny portion of patients receive the antiretroviral medicines that can prevent HIV from multiplying in the blood and causing AIDS.

Thus, although Cipla's decision to offer low-cost antiretrovirals has unleashed an international debate on the patent rights of drug manufacturers vs. the need to combat AIDS in underdeveloped countries, it is unlikely to be of much immediate help to Manju's patients and most other HIV-infected Indians.

Bombay, which has a large population of migrant workers, truck drivers and prostitutes and a hidden but active gay community, has become known as the epicenter of India's AIDS problem. More than 7 percent of tested individuals in the Bombay region have been found to be HIV-positive; the rates among tested prostitutes and gays are much higher.

A number of public and private agencies in Bombay have worked hard, with relative success, to combat the spread of HIV among these vulnerable populations. One group provides free condoms and medical checkups from a van at a central truck stop; another sends counselors regularly to the red-light district; a third offers gays private HIV testing and information.

"Our customers are as afraid of AIDS as we are. We insist on condoms now, and our business has fallen to less than half," said Shanti, 35, a prostitute who has spent the last 16 years in a second-floor Bombay brothel. "This is my life now, and I know it is my fate to die in it, but at least this fear is preventing younger girls from coming into the life."

But doctors and activists here said this new awareness has largely failed to translate into effective medical treatment. While affluent AIDS patients can obtain antiretroviral drugs privately, the vast majority of people with AIDS cannot afford them. And even before the easier availability of such medicines can make much difference here, those involved contend, both poverty and prejudice must be tackled.

"Better access to information and care is just as important as lower drug prices," said I.S. Gilada, a physician who operates several clinics for HIV testing and AIDS treatment. "Ninety percent of patients still don't know they have it, and there is no patient lobby in India because of the social stigma. Even if you provide these drugs at one-tenth the cost, you will never reach everyone who needs them."

Akshay Kolukor, president of the regional branch of the Network for Positive People, an advocacy and self-help organization, said virtually none of the local group's 3,000 HIV-positive members have publicly revealed their condition. Taboos in India against discussing sex are extremely strong, he said, and the AIDS scare has only deepened bias against people with the disease.

"People are afraid of losing their jobs, or of being labeled a bad person," he said. "Doctors are still reluctant to treat patients or admit them to hospitals, for fear they will infect others. Most of our members have spent all their own money on their illness by the time they come to us for help, and less than 1 percent of them could afford antiretroviral drugs in any case."

A handful of doctors and lawyers here have been pressing for cheaper AIDS drugs. In interviews last week, they praised Hamied for bringing down his prices and criticized Western drug companies for attempting to maintain tight control of their patents and keeping prices of antiretrovirals exorbitantly expensive.

At the same time, they warned that antiretrovirals, which have harmful side effects, must be monitored with extra care before they are widely introduced to a transient patient population that knows little about them and is often afraid to seek treatment.

In the West, a triple-drug cocktail to retard the progress of AIDS can cost $10,000 to $15,000 a year. Until recently, Cipla charged $1,800 for a year's supply of one such cocktail's three components -- stavudine, lamivudine and nevirapine -- which it markets under different names. Hamied has now offered them at $800 per year to the Indian government, $600 to underdeveloped countries and $350 to Doctors Without Borders, which works in AIDS-ravaged countries in Africa, where the disease is rampant.

Hamied's actions have angered major drug companies that pioneered the development of antiretrovirals, including Britain's GlaxoSmithKline and Bristol-Myers Squibb in the United States. They have accused Cipla of stealing their inventions through loopholes in India's patent laws and of undercutting the prices they say they must charge to finance research.

Cipla's motives, its foreign rivals say, are based less on altruism than on a desire to capture the growing market for anti-AIDS drugs in India and other impoverished countries. Hamied, in turn, asserts that the multinational manufacturers are using research costs as a ploy to protect their already substantial profits.

"The name of the game is monopoly," Hamied said. "If these companies spend 'x' on research, they spent '9x' on protecting their monopoly. I have broken no laws, and I am not a threat to anyone. There is room for a hundred Ciplas. I am not against patents and I am willing to pay royalties, but a country like India, with a billion people, simply cannot afford a monopoly on these drugs."

However, most needy governments cannot take advantage of Cipla's offer because they have signed agreements with the World Trade Organization that protect drug patents and manufacturing processes. One exception is Brazil, where laws allow patent-breaking in health emergencies; the government there has provided free AIDS drugs for five years and has already cut the AIDS death rate in half.

India, which protects only drug-making processes and allows domestic companies to copy foreign medicines, will become subject to the WTO rules in 2005. But even today, with Cipla providing AIDS cocktails at a far lower price than imports, critics say the Indian government has been slow to recognize the need to make them available.

"The government thinks these drugs are too costly, and there is no huge public demand. It is very shortsighted," said Bitra George, a physician who treats venereal diseases and AIDS in New Delhi. "There is a three-tiered war going on here: an international war over pharmaceutical prices, a national war over drug and health policies, and a grass-roots war over information and attitudes about AIDS."

At the Dahaiser Check Post, a vast truck stop on the outskirts of Bombay, the grass-roots war is in full swing. One morning last week, health workers fanned out among dozens of cargo trucks, offering drivers bags of condoms and brochures on AIDS. A mobile van broadcast Hindi pop tunes mingled with cautionary soap-opera stories about AIDS.

But many drivers were too embarrassed to take the proffered packets, mumbling excuses or shaking their heads. Most said they knew about AIDS but did not think they needed to worry about it, although sexual contact between drivers and prostitutes is a major channel for the spread of HIV between Bombay and rural areas.

One man politely refused the packet, but then soberly described how a woman in his village had gotten AIDS from her husband and was now very sick. Instead of getting medical help, he said, she had been shunned by her frightened family and neighbors and was being kept in an isolated hut, awaiting death.

"People listen to all these warnings and they get scared, but tomorrow when they are on the road again, alone in the night and maybe drinking, the devils will rise up again and they will look for a woman," said another veteran driver who identified himself as Nana. "You might carry an umbrella, but when that sudden shower comes, you don't think about death."

ENDING CORPORATE WELFARE AS WE KNOW IT

By Ralph Nader And Robert Weissman
Wall Street Journal
http://interactive.wsj.com/articles/SB983930241767055413.htm

If it took Richard Nixon to go to China, could George W. Bush be the president who ends corporate welfare as we know it?

That doesn't seem likely. But in a budget outline that offers little reason to smile to those concerned about the concentration of corporate power, the Bush administration has offered a glimmer of hope on the corporate-welfare front.

Over the past two decades, through administrations Republican and Democrat, the federal corporate-welfare budget has swelled with the proliferation of corporate subsidies and grants, giveaways, bailouts, tax expenditures, loan guarantees, export and overseas marketing assistance, and defense, transportation and other pork.

In his budget outline last week, Mr. Bush did not suggest he was ready to break out of this rut. But his administration has indicated that it will scale back funding for three corporate-welfare poster children: the Overseas Private Investment Corp., the Export-Import Bank and the Advanced Technology Program.

The budget proposes to cut back financing by 25% for Ex-Im, which provides loans and loan guarantees to assist foreign buyers in the purchase of U.S. exports. It also proposes to eliminate 2002 budget support for OPIC, which provides insurance against political risk, currency fluctuations and other uncertainties for overseas investments by U.S. corporations. Both agencies will continue to function (OPIC has carryover funding from previous budgets), but the budget outline anticipates more narrowly focused operations in the future. It calls also for a suspension of funding for ATP, a Commerce Department program that supports research and development efforts of private corporations.

These are positive steps. OPIC and Ex-Im put the federal government in roles properly performed by private insurers and lenders, forcing taxpayers to bear the risk in private commercial transactions that should be absorbed by business. Despite a thriving private capital market, ATP provides direct subsidies to high-tech firms, without any payback mechanisms or reason to believe that funded technologies offer unique social benefits.

Outside the budget process, Treasury Secretary Paul O'Neill has voiced skepticism about the Wall Street bailouts regularly engineered by the International Monetary Fund in coordination with his Department. But while all these initial moves are in the right direction, there is much, much more to do to rein in corporate welfare.

There are dozens of programs that should be canceled, or restructured to demand payback from the corporate beneficiaries. A recently released Congressional Budget Office list of proposed budget cuts includes dozens of corporate-welfare programs. The Green Scissors Coalition -- led by Friends of the Earth, the U.S. Public Interest Research Group and Taxpayers for Common Sense -- releases an annual list of corporate-welfare programs that hurt the environment. Last year, retired Rep. John Kasich (R., Ohio), then chairman of the House Budget Committee, led a bipartisan coalition that targeted a modest handful of programs. These included ATP, coal-industry supports that masquerade under the misnomer of "clean coal" (which Mr. Bush seeks to continue, and strengthen), defense merger subsidies, and the Partnership for a New Generation of Vehicles, or PNGV, a program born during the Clinton administration.

As it formalizes its budget proposals, the Bush administration could save American taxpayers hundreds of millions annually by eliminating PNGV. This is a partnership between seven federal agencies, 20 federal laboratories and the big three car makers -- General Motors, Ford and what is now DaimlerChrysler -- that is seeking to develop a fuel-efficient "Supercar."

Is there an industry less in need of government support for research than the highly capitalized auto industry? The government is supporting research that the industry could easily do on its own (at least to keep up with the leaders in fuel-efficiency technologies, Toyota and Honda) and should be mandated to undertake to meet tougher environmental standards. The PNGV is an administrative nightmare. It has no centralized coordination, and various arms of government cannot even agree on exactly how much is being spent on the program. It puts a government stamp of approval on the industry's replacement of competition with collusion -- and for the same industry which, in the 1960s, faced conspiracy charges for suppression of air pollution technologies.

Above all, the PNGV initiative has served as a smokescreen behind which the car makers hide to evade improved fuel-efficiency standards. While taxpayers poured more than $1 billion into PNGV during the Clinton administration, average fuel efficiency actually declined. This boondoggle does not even require the manufacturers to deploy any technologies developed through the program.

It is no secret that such irrational corporate-welfare programs persist because strong industry lobbies back them. When the House of Representatives voted last year to eliminate funding for PNGV, the industry blocked the effort. Similarly, a broad cross-section of industry mobilized to retain OPIC when it was on wobbly legislative legs several years ago. Corporate interests have already started organizing to rescue OPIC and Ex-Im.

The heated legislative conflicts sure to ensue on Mr. Bush's proposed corporate-welfare cutbacks will test his administration's commitment to "reduce subsidies that primarily benefit corporations rather than individuals." Similar early tough talk from the Clinton administration on several subsidy programs soon subsided, and was replaced by an eager embrace and expansion of the corporate welfare state.

If Mr. Bush is eager to chalk up budgetary savings, there's a long list of corporate-welfare programs, subsidies and tax expenditures that richly deserve cutting. Achieving these savings will require the political courage to offend the very corporate fat cats who funded his campaign. Does the president have that courage?

POWER AND POLITICS

By David S. Broder
Washington Post
http://washingtonpost.com/wp-dyn/articles/A32396-2001Mar6.html

SAN DIEGO -- The rippling social and economic effects of the energy crisis show up almost every day in this city, where troubles usually disappear as quickly as the sun burns away the early morning clouds. But San Diego felt the effects of energy deregulation last summer, earlier than any other California city, and what it is experiencing now may be a foretaste of more widespread problems, throughout the West and as far away as New York City.

A member of the San Diego Housing Commission told me she has seen a sharp upturn in the number of renters seeking new places to live, because their landlords have upped the rents to compensate for the higher gas and electric bills. Father Joe Carroll, who runs the city's largest homeless shelter, has seen his energy costs increase a half-million dollars so far -- a sizable hit in a budget of $20 million. And, he says, toward the end of each month, the number of people lining up for a free midday meal gets notably larger, not because they are homeless but because their grocery money has gone to keep the heat and lights on.

A leading banker says he worries that in the next few months, as the economy softens, small businesses, unable to offset their rising utility bills by raising prices, will swell the number of "problem loans" in his portfolio.

San Diego was the first city in California where energy prices were deregulated, under a state policy adopted back in 1996. Almost overnight, monthly electric bills for many modest homes increased from $50 to $150, one of the city's congressmen, Rep. Bob Filner, told me. The screams were immediate, and eventually became loud enough that the state imposed temporary price caps for homeowners, which essentially have the effect of postponing, but not ending, some of the run-up in consumer costs.

Now the spike in natural gas prices -- a national phenomenon -- has added to the woes. Deregulation, which was supposed to lure new power suppliers into the booming California market, instead has turned into a bonanza of excess profits for a handful of outside electricity-generating companies, and a nightmare for three big California utilities caught between higher charges from their suppliers and the caps the politicians imposed on consumers' electric rates.

California Gov. Gray Davis and the legislature are scrambling to keep the utilities from declaring bankruptcy, which would lead to a forced sale of their assets and, say many experts, even higher prices. Davis is negotiating for a state purchase of the transmission facilities of the three power companies, which would give them enough cash to keep their creditors at bay for a while. And he is trying to negotiate long-term energy purchase contracts at lower rates than the current ruinous spot market prices, while speeding up the approval process for new power plants within the state.

It is not clear whether the rescue effort will work. Last week the parent company of the state's largest utility, Pacific Gas and Electric, borrowed $1 billion to refinance its own debts, and a Wall Street rating firm simultaneously warned that PG&E faces "the near-term possibility of bankruptcy." Meanwhile, more than $3 billion of the state's projected budget surplus (estimated last month at about $8 billion) has been used on these temporary fixes.

The energy crisis -- also marked by rolling blackouts -- is producing a huge political backlash. Filner, a liberal Democrat, said, "For the first time, Duncan Hunter [a conservative Republican from a neighboring district] and I are on the same side: We both want a public utility district that can protect consumers from this price gouging."

Last Saturday the Union-Tribune, San Diego's staunchly Republican and pro-free enterprise newspaper, carried a full page of letters to the editor under the headline, "Energy barons hold state hostage." The lead editorial of this conservative newspaper began, "We've been robbed," and called on the Bush administration and Congress to force a reluctant Federal Energy Regulatory Commission to require the power companies to rebate the $555 million in windfall profits a state energy agency claims they overcharged in December and January alone.

The populist revolt is likely to take the form of a 2002 ballot initiative, aimed at both the power companies and the process of deregulation. Consumer advocate Michael Shames told me, "I'm not a fan of initiatives. They are blunt instruments for handling complex policy problems. But the utilities spent $40 million in 1998 and defeated an initiative that would have blocked deregulation, with a promise that deregulation would mean lower prices and better service. You can't blame people for feeling they were lied to. And now they want to strike back."

LOOKS LIKE A CONFLICT OF INTEREST

Los Angeles Times
http://www.latimes.com/news/comment/20010307/t000020145.html

Treasury Secretary Paul O'Neill says government ethics lawyers cleared his continued ownership and control of about $100 million in stock and options from Alcoa Inc., his former employer. However, other Cabinet officers, including the respected previous Treasury secretary, Robert Rubin, put their holdings in a blind trust during their public service. Given Alcoa's multinational interests, O'Neill's insistence on keeping the stock could easily give rise to real or apparent conflicts of interest.

Federal ethics laws do not require O'Neill to sell his Alcoa holdings, nor are we suggesting that he would use his post to benefit the company. He said he would recuse himself if a decision involving Alcoa were to come before him. But being virtuous in this key economic policymaking position affecting corporate taxes, international trade and exchange rates is harder than O'Neill may think. O'Neill, like Caesar's wife, must be above all suspicion.

Alcoa, a $23-billion conglomerate operating around the globe, is the leading world producer of aluminum, with extensive operations in mining, refining, fabricating and recycling the metal. Its customers are aerospace companies, automobile manufacturers and rail and shipping companies often held by other governments. As Alcoa's chief executive, O'Neill knew how to use his considerable clout in Washington. When Russia flooded the markets with cheap aluminum in the early 1990s, he spearheaded a lobbying campaign for what turned out to be one of former President Clinton's most interventionist policies--an international agreement to limit the production of aluminum. The supply of aluminum dropped, prices went up, and Alcoa made hundreds of millions in profit.

At the Treasury, O'Neill says he would not participate in similar decisions. But he cannot avoid them. He is head of a Cabinet department that sets tax, monetary and trade policies affecting corporate bottom lines. He will deal with governments that will seek to benefit Alcoa in order to curry favor with O'Neill. Even if he did step aside, decisions would be made by those serving under him at the Treasury. The nominee for the Treasury's No. 2 post and O'Neill's right-hand man is Kenneth W. Dam, an Alcoa director.

The appearance of a conflict of interest is a serious problem for O'Neill, no matter how honest he may be. Rubin severed his financial ties with Goldman, Sachs & Co., his previous employer, when he joined Clinton's White House, and O'Neill should follow that example. The credibility of U.S. economic policy is at stake.

GENE RESEARCH FINDS NEW USE IN AGRICULTURAL BREEDING

New York Times
http://www.nytimes.com/2001/03/07/business/07BREE.html

As the controversy surrounding genetically modified foods intensifies, scientists are trying to use the rapidly growing knowledge about genes to enhance conventional breeding of crops and livestock rather than implant genes from one species into another.

Many say such an approach is less likely to arouse the public objections that have been raised by the development of genetically altered plants and animals.

The enhanced breeding approach involves testing which genes are in a plant or animal, allowing researchers to select more easily which ones to cross. That can shave years off the breeding of a new variety.

"Before we knew where the genes were, we were still breeding in the dark," said Dr. Steven Briggs, head of genomics for Syngenta, a Swiss seed and agrichemical company.

Compared with genetic engineering, this enhanced breeding has technical advantages and disadvantages. But its biggest advantage is political. Many opponents of bioengineered foods do not object to the technique because it avoids artificially transferring genes between organisms. It is that transfer that opponents say is unnatural and poses risks to human health and the environment.

Indeed, some opponents of genetically altered plants and animals even champion the approach as a way for society and companies to reap some of the benefits of genetic science and avoid the risks.

"I think that's where the future is, to upgrade classical breeding," said Jeremy Rifkin, a prominent critic of the biotechnology industry. "Classical breeders and geneticists can use the genome but not do gene splicing." Mr. Rifkin calls this approach the soft path, and says better understanding of genes could even be used to improve organic farming.

But agricultural biotechnology companies like Monsanto and Pioneer Hi-Bred International, say that the two technologies are good for different tasks but cannot be substituted for each other. So, while they are using the new breeding techniques, they remain committed to genetic engineering as well.

"We don't see it as an alternative to genetic engineering," said Tony Cavalieri, vice president for trait and technology development at Pioneer, a unit of DuPont.

And some executives say that even with improvements, crossbreeding is inefficient compared with genetic engineering. With genetic engineering, scientists can transfer just the gene they want, whereas with crossbreeding, the genes of two parents are thoroughly mixed.

"It's sort of a blunt instrument," said David W. Summa, chief executive of Mendel Biotechnology, a plant genetics company in Hayward, Calif. "You're moving around lots and lots of genes when you breed."

Still, a number of companies are turning to the approach because it avoids the regulatory reviews required of genetically modified foods and is not expected to stir resistance from consumers. The approach is called marker-assisted breeding because it uses genetic markers to guide the process.

"Marker-assisted selection is the first choice if we can solve the problem," said Wally Beversdorf, head of plant science and agribusiness for Syngenta, which was formed by the merger of the agricultural businesses of Novartis and AstraZeneca. While Syngenta is still committed to genetic engineering, Dr. Beversdorf said, it is applying that technique "where we have to, where there is no opportunity for marker-assisted breeding."

Some newly formed companies are deliberately steering clear of genetic engineering. AniGenics, a start- up in Concord, Mass., aims to identify genes associated with higher milk production, more tender meat and other desirable traits of cattle and other livestock. But that knowledge would be used to guide conventional breeding, not to create genetically altered herds.

"It may or may not be faster biologically," said Steven M. Niemi, the president. "It's certainly faster politically."

The marker-based approach is being made easier by an explosion of knowledge about genes. In January, Syngenta announced it had determined the complete genetic code of rice, the first crop to have its genome sequenced. A month earlier, scientists had completed the DNA sequence of arabidopsis, a weed that is the plant world's equivalent of the laboratory rat. And there are less detailed genetic maps available or being developed for virtually every other important crop or farm animal.

The biggest drawback of the breeding approach is that it is limited to traits that are already contained in a species. Scientists would be able to use it, say, to breed a blue tomato if they could not find a tomatoe containing blue-pigment genes to start the process.

Syngenta, for instance, tried for 12 years to use conventional breeding to develop corn that was resistant to the European corn borer but ended up with a variety that reduced the pest damage only about 10 percent, Dr. Beversdorf said.

But some bacteria make a toxin that kills the borer. It took the company only five years to splice the bacterial gene into corn and develop a crop — known as BT corn — that can almost completely eliminate damage from the borer.

Dr. Cavalieri of Pioneer said it would probably be impossible to develop plants with healthier oils without genetic engineering. And scientists say it would also probably be impossible to use breeding alone to develop "golden rice," which could help combat vitamin A deficiency in developing countries. The genes to provide the vitamin A were transferred to the rice from daffodils and bacteria.

Still, scientists say that many important traits — bigger fruit, higher yield, disease and pest resistance — can often be found within the crop species itself.

At the Agriculture Department, Anna McClung recently used the technique to develop rice that would be soft on the outside and firm on the inside after processing. The work was done with a company hoping to sell the rice in Europe, where opposition to genetically modified crops is high. So genetic engineering was out of the question.

Both Pioneer and scientists at Purdue University used the technique to develop soybeans that are resistant to the cyst nematode.

Classical breeding can be a long and tedious affair. Breeders might take a plant with a desirable characteristic, like disease resistance, and cross it with another plant with other desirable traits, like high yield. They then examine the offspring, hoping to find plants that have both disease resistance and high yield. Those desirable plants might be then crossed to make a new generation. The whole process can require 10 or more generations, thousands of crosses and 5 to 15 years.

To see which offspring have the desired traits, the new generation usually must be allowed to grow up, and even then detection is often not easy. To test which of her rice plants had the right cooking characteristics, Dr. McClung would have had to analyze them chemically.

If scientists can test the genes, however, they can tell if the plant has the desired trait when it is still a seedling. "By having a genetic tag, you're able to see the presence or absence of the trait every time," Dr. McClung said. With the marker, she developed the rice in 5 years, instead of the 7 to 10 it would have otherwise taken.

Usually, scientists do not test for the genes themselves, since many of the genes are still not known. Instead, they look for markers along the chromosome that are near the gene and therefore tend to travel with the gene from one generation to the next. The advantage of this technique is that the markers can be used even if the breeders have not identified the gene. Genetic engineering can be done only if the gene is known and isolated.

It is also possible to use markers to follow numerous traits through the breeding process. Genetic engineering is at present limited to transferring only one or a few genes. Yet many traits, like the yield of a crop, are governed by multiple genes.

But marker-assisted selection can be extremely difficult and has not lived up to the expectations scientists had when the technique was first developed in the late 1980's, said Nevin D. Young, professor of plant pathology and biology at the University of Minnesota. "Traditional breeding is like a dice-rolling experiment," he said. "Markers are like loaded dice, but they're hardly precise surgical instruments."

It can take years to find the associations between markers and traits, and sometimes links cannot be found at all, he said. It also now costs about $1 to test one marker in one plant, which makes it very expensive to test numerous genes in thousands of plants. Still the costs of such genetic analysis are expected to drop rapidly with the advancement of new DNA testing methods that are also being developed for medical diagnosis.

One of the biggest opportunities presented by marker-assisted selection is to improve the harnessing of wild relatives of crops. Human beings domesticated plants by selecting for obvious traits, like bigger fruit. But over time, the genetic variation in commercial crops has become limited, so when breeders cross these crops, the possible outcomes are also limited.

"We've left behind in this process a huge reservoir of natural variation," said Steven D. Tanksley, professor of plant breeding and plant biology at Cornell. All the commercially grown tomatoes in the world, from the tiniest cherry tomato to the beefiest beefsteak, have less genetic variation than the wild tomatoes in a single valley in Peru, he said.

Breeders have tried to cross wild relatives with commercial crops but with limited success. One problem, Dr. Tanksley said, is knowing which wild plants to pick. Wild tomatoes often are small and green and taste bad. Someone just looking at them would not think of using them in breeding.

But even small, green tomatoes can contain some genes for redness and large fruit. The marker studies allow these genes to be found. "The markers allow you to scan through the whole genome," he said. "You can pick out the flavor genes away from the yucky gene."

Indeed, Dr. Tanksley has crossed wild green tomatoes with commercial red ones and produced even redder ones. And he crossed small wild tomatoes with big commercial ones and got even bigger ones.

Robert Goodman, a professor of plant pathology at the University of Wisconsin, said there was still a risk that marker-assisted breeding could run into the same opposition as transgenic crops because people might fail to make any distinction. But if that does not happen, he said, the breeding approach could provide a way out of the contentious debate.

"Maybe in five to eight years we'll look back on this argument over transgenics and say, 'How arcane,'" said Dr. Goodman, who once headed research at Calgene, the company that marketed the first genetically modified crop, a tomato. "Not because it became unpopular but simply because it got bypassed by the advances made by breeding powered by genomics."

FAREWELL TO RADIO

By Robert W. McChesney
Silicon Alley Reporter
http://www.commondreams.org/views01/0307-04.htm

Radio is the quintessential people's medium. It is the least expensive medium to produce a quality product and the least expensive medium to receive. It is ideally suited to local, decentralized content and popular participation in production. Due to low production costs, radio is also ideal for creative innovation. Nor does it does not require any technical expertise or even literacy to use radio effectively. Even in the Age of the Internet, by all accounts good old radio is going to be around for a long time still, at least as long as there are automobiles. And in places like Africa and parts of Asia, radio will be the dominant medium for another generation.

In the United States, however, radio is anything but the people's medium. It is the private preserve of a small number of billionaires who are falling all over themselves to better serve the needs of Madison Avenue. I do not wish to romanticize the nature of U.S. radio broadcasting from bygone days, but the fact is that the present day radio is nothing short of pathetic.

The reason is clear. There are only a few dozen radio channels in a given community. In 1996 the Telecommunications Act greatly revised the rules for radio station ownership. Back in the 70s and 80s, firms could only own around a dozen stations nationwide and no more than two in a single market. The 1996 law, rammed though by the powerful corporate radio lobby without a shred of debate or media coverage, eliminated any restriction on the number of stations a firm could own nationally, and raised the limit in a single market to eight, in the largest communities.

Since the law passed, there has been a complete reformation of U.S radio, with well over half the 11,000 commercial station changing hands. Small station groups can not compete with the giant chains so they sell out. Radio is now dominated by a small handful of firms that own hundreds of stations each. Every market is now dominated by two or three firms that are "maxed out" with eight stations each.

The quality of radio has plummeted. With little competition, the amount of advertising is up to 18 minutes per hour, according to one industry trade publication, well over the figure for a decade ago. Also, localized news and production has been dropped for vastly less expensive standardized fare. You could be blindfolded and airdropped into Louisiana, Oregon or Vermont and probably hear the same oldies song or Rush Limbaugh show on the local radio.

Clear Channel, which owns around 800 stations, has shined the light on the new world order of corporate radio. It usually houses all eight stations it owns in a given community on one floor of a building. Each "station" gets one room about the size of a closet where it can transmit standardized fare. The remaining office space is mostly for the ad salespeople.

In other industries, like computers or automobiles, there might be arguments that having fewer owners is necessary for economies of scale that will eventually translate into product innovation and lower prices for consumers. No such claims can be made in radio. All the advantages accrue to the owners, none to the public. The stations now cost a fortune, not because the cost of production is high, but because stations are worth so much as part of these massive radio chains. It is a rip-off, pure and simple. And the rip-off has nothing to do with free markets; it is entirely due to a corrupt change in the law regulating the publicly owned radio spectrum.

The rational solution would be to only allow one station per owner, period. The cost of stations would plummet, while the quality and diversity and local orientation would skyrocket. Everyone would benefit except the radio-owning billionaires who currently floss their teeth with politicians' underpants. So don't hold your breath expecting any policies to improve matters.

In fact, the radio monopolists have won two incredible anti-democratic victories in the recent past. First, the FCC enacted a very cautious plan to permit low-power FM radio broadcasting in the open slots on the dial in 2000. This would have permitted a handful of noncommercial locally run stations, that cost only $2,000 using new technology to transmit a great signal, into every market. But the radio giants used their leverage on Capital Hill to get a rider effectively killing "microradio" attached to a budget bill Clinton could not veto. The last thing the radio giants want is genuine competition for "their" listeners.

Second, radio is in the process of being converted from analog to digital. With the transfer to digital, it would be fairly easy to add another 30-50 radio stations in every market. But the corporate radio bosses don't want any competition, so that won't happen. Under pressure from the radio kingpins, the FCC is going to permit digital radio to remain as is, except for the technical changeover, and be the private plaything of the same wonderful radio giants who are presently carpetbombing the nation with stale content and tons of commercials. The radio giants promise us that with digital radio, "the change will be so simple, most listeners won't notice any difference at all."

Wow, that sure is good news, eh?